



Growing communities one idea at a time

THINKING ABOUT STARTING YOUR OWN BUSINESS?

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Start-up Checklist

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1. WHY DO YOU WANT TO BE IN BUSINESS?

What are you hoping to achieve by going into business for yourself? Let's be more specific...

Do you want this business to provide you with a living?

Is this a hobby that you think you can earn a little extra money with?

Is this a retirement project that you think you'd enjoy working at while being able to call your own shots, sleep in, take weekends off etc?

Think about this...

Most business ventures require investment of a tremendous amount of time and money during the first few years. Working long hours and through weekends is the norm for a small business owner. If this business is to be your livelihood you need to be prepared for long hours and a lot of work.

On the other hand, if you do not need your business to earn a lot of money you can expect more leisure time and more control over the number of hours you work.

2. IS YOUR IDEA VIABLE?

How will your business idea go over in this region? You need an idea you can sell. If you decide to go forward with your small business you will need to do market research of the local competition and determine whether there are enough people willing to pay for your product or service. A business plan will help you answer these and many more questions. (See 5. Do You Need a Business Plan?)

3. ARE YOU PREPARED FOR SELF-EMPLOYMENT?

Some people are better geared to entrepreneurship than others and it's better to find out whether or not you have the characteristics for self employment rather than invest time and money to start a business only to discover that it's not what you want at all. The following questionnaire is designed to get you thinking about how self-employment will impact your lifestyle. Don't be discouraged if you answer "no" to several of these questions.

Determination to succeed is a key factor in business and the skills you'll read about in the following questionnaire can be learned if you are willing to invest the time and effort.

Self-Analysis Questions



Personal Resources

- ◆ Do I have the energy to tolerate long hours and concentrated effort?
- ◆ Do I have the self-direction to work alone?
- ◆ Do I have techniques in place to control potential stress?
- ◆ Do I have the confidence to accept any failures and turn them into opportunities?

Lifestyle

- ◆ Can I communicate my feelings and dreams positively to my family?
- ◆ Will I keep my family informed and involved?
- ◆ Will I be able to say "no" to holidays or leisure activities if necessary? Will those who go without you understand?
- ◆ Will I be able to maintain a personal and family life as well as run a business?
- ◆ Can I prepare myself to not have a personal life for some time?

Finances

- ◆ Will I be able to budget my business expenses and stick to the limits I set?
- ◆ Do I understand financial statements and why they are important to my business?
- ◆ Do I appreciate the importance of tracking and controlling expenses, inventory and debt?
- ◆ Are alternate sources of income available for living expenses?
- ◆ Am I realistic about household and life expenses and sources of income that can be depended on until the business is established?

Stability

- ◆ Is my home-life financially organized and can the business income be secured from household demand?
- ◆ Am I healthy, with energy reserves, and emotionally prepared for my business and family stress and success?
- ◆ Does every family member appreciate my objectives and how important the business is to me, to us? Do they support you?
- ◆ Will my home life remain stable if my business fails?

Professionalism

- ◆ Am I willing and able to work long hours for future benefits?
- ◆ Am I realistic about how long success may take, and committed to making the business work?
- ◆ Are my planning skills and sense of responsibility strongly enough developed to build a successful venture?
- ◆ Do I have the knowledge to make this particular business succeed, or should I be securing that knowledge before starting the business?
- ◆ Do I want business success enough to set and keep high standards of product and service?

4. DO YOU NEED A BUSINESS PLAN?

Chances are good that the answer to this question is a resounding YES! A business plan is a vital part of small business for many reasons:

- ◆ A business plan gives structure to your idea. The act of writing the plan will have you considering things you may not have thought of before such as startup costs, equipment, marketing, possible risks and who your competition is.
- ◆ If you are looking for financing from a bank or investors a business plan will be required.
- ◆ Your business plan can serve as a sort of journal. Throughout the first year or two as you continue to gather information and update your business plan it will detail the changes your business goes through and the reasons why you made certain decisions.

Community Futures Wood Buffalo can provide you with a Business Plan template and information from various sources that will help you write a plan that you can present to lending institutions or investors. Our Business Analyst will help you fine tune your business plan whether you're applying with us or to a bank.

5. HOW WILL YOU FINANCE YOUR BUSINESS?

There are a variety of ways you can finance your business. Your business plan and cash flow projections will provide you with an idea of how much money you are going to need both for startup and operating capital. From there it is up to you to determine the source of your funds.

- ◆ Loans - Community Futures Wood Buffalo can help you prepare to apply for financing through a bank. If for any reason your application is unsuccessful you are then welcome to apply through our office for a loan. The Business Analyst will work with

- ◆ you to gather the needed documentation and your application will go before a lending committee to be voted on by members of our board of directors. We offer loans from \$5000 to \$150,000. There are criteria that must be met in order to apply. If you are interested in learning more please call our office 791-0330 to make an appointment.
- ◆ Investors – This is another option for an entrepreneur. You present your business plan and a proposal to an investor and they decide whether or not to invest in your company. This is called venture capital.
- ◆ Savings/Personal Investment – Perhaps you are able to finance the startup of your company through your own savings. While this is a good way to avoid interest payments and seizure of your company assets in the event your business closes, be careful not to underestimate the capital you’re going to need. It is important to calculate what your business is reasonably going to require and tailor your financing plans to that, rather than calculate how much you have to invest and then try to squeeze your business expenses into that budget. Under capitalization is the down fall of a lot of startup companies.

6. WHAT BUSINESS STRUCTURE WORKS BEST FOR YOU?

This is a decision that needs to be made before you register your business since how you register will depend on what type of business you are going to start. There are two choices when it comes to business structure. Sole Proprietor/Partnership (partnership is the same structure with more than one person involved) or Corporation (Limited company).

SOLE PROPRIETOR/ PARTNERSHIP

- ◆ In this form of business structure you and your business are one taxable entity in the eyes of Canada Revenue. Any money you earn through your business will be combined with your personal income from any other sources and you will be taxed accordingly.
- ◆ Your personal assets are subject to liability claims. If you are sued and the claimant is awarded judgment you can be forced to sell your assets to settle the case. If your business carries a risk of liability claims you may want to consider incorporation.
- ◆ In a sole proprietorship the owner cannot take a wage. You can take drawings (withdraw money) from the company’s coffer’s but all your business’ revenue is considered your personal income.
- ◆ Sole proprietorship involves less paperwork and red tape both in start up and operation and is less regulated than corporation.
- ◆ Cost to set up a sole proprietorship/partnership is considerably less than incorporating.

CORPORATION

- ◆ With corporation the business is a separate legal entity. The company pays its own taxes and the owner is an employee.

- ◆ Corporation provides limited liability which means that while the company can be sued, the owner's personal assets are protected. Liability is limited to assets invested in the corporation.
- ◆ Corporations are made up of shareholders although a corporation can be owned and run by one person. The government requires that yearly minutes be submitted.
- ◆ There is more paperwork involved with owning a corporation as well as higher licensing expense. See (7. Licensing and Registration)

Note: There are other considerations when deciding whether or not to set up your business as a sole proprietor or incorporation. Talk to a bookkeeper or accountant, check the Business Link web site at www.cbsc.org/alberta or call Community Futures Wood Buffalo at 791-0330 for more information.

7. LICENSING AND REGISTRATIONS

A. Registering your Business Name & Name Search

There are a number of options when it comes to incorporations and registrations. You will need to decide what type of business you are going to start (see section 6. What Business Structure Works for You?). Talk to a Community Futures staff member for more details on how to go about registering your business.

B. Permits - In order to find out all of the permits that may be applicable to your business, you may want to visit the Regional Municipality of Wood Buffalo's planning and development office located in Timberlea. (780-799-8695). If you are running a business from your home, you will be required to have one of the following two permits:

- ◆ Home Based Business
If your clients come to your place of residence to conduct business you will need a Home Based Business permit. (i.e.: daycare or wedding consultant). The cost is \$100. The permit office will advertise your application in the Friday paper and give your neighbors two weeks to appeal your permit. If no appeal is registered your permit will be issued. This permit must be renewed each year for \$100.
- ◆ Home Occupation
This permit applies if your business office is located in your home but you do not have clients come to your office, you go to them. (i.e.: contractors). The cost of \$20. This permit is good for as long as you are at that location.

C. Business License - Once you have all your permits in order it's time to get the Business License. This license costs \$50 per year. Your Business License is valid from May 1 to April 30 and can be obtained at the Regional Municipality of Wood Buffalo's Tax, Licensing & Assessment Division in Timberlea. (780-799-8695).

Note: For more information about Home Occupation or Business go to <http://www.woodbuffalo.ab.ca/bizpal/> , click on Municipal Department' – Planning and Development – Land Use Bylaw – Click here for printable copy. When the printable copy appears on your screen: scroll down to Section 69 'Home Occupation' or Section 70 'Home Based Business'.

D. Registering for a Business Number with Canada Revenue (*fax form or complete online*)

Registering for a Business Number as a Sole Proprietor

This nine digit number identifies a Canada Revenue account for your business' income tax, GST and payroll remittances. It is important to note that if you do not need GST, Payroll, Income Tax or Import/Export numbers you don't have to apply for a Business Number. You are required to apply for a GST number when your business is about to exceed earnings of \$30,000 per year and you will need a payroll number if you hire staff, but if these circumstances do not apply to you there is no need to register until they do. Read through the information provided on the website (see Business Number Information below) in order to make the best decision for your business.

Registering for a Business Number as an Incorporation

Registration for a Corporation is the same as that of Sole Proprietor or partnership.

The CRA has a great information booklet which gives information on how to register a business and what you need to do. The booklet can be found at:

- ◆ www.cra-arc.gc.ca + (language of preference) + Forms and publications (on the left side of the screen at the top) + client group + small business + RC4070 Guide for Canadian Small Businesses

You can register via phone or on-line or print the form from the web site and fax it to Canada Revenue. I'll explain step by step how to navigate their web site.

- ◆ On Line - www.cra-arc.gc.ca + (language of preference) + Business (in the left column under 'Information for') + Business account registration. Read the information to see how and when to register for a business number.
- ◆ Phone - You can register for a BN and CRA accounts by calling the Business enquiries line at 1-800-959-5525. Before calling, be ready to answer all the questions in part A of form RC1, Request for a Business number (BN), and any other questions in the form that relate to the accounts you want to open.

E. AN IMPORTANT PIECE OF ADVICE

If you're serious about starting your own business **unless you are qualified, do NOT try to do your own bookkeeping!**

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There are more rules and regulations than an unqualified person can remember and more ways to mess up than the average business owner can avoid. Bookkeeping is complicated and regulated and there is good reason why people make their living bookkeeping for others. Because information about income tax, payroll and GST information is completely free of charge and available online or over the phone, Canada Revenue will **not** accept “*I didn’t know*” as a reason not to charge you hefty fines and interest on late or missed remittances, or even seize your property through legal action if you do not comply with the rules and regulations of our government. If you want to

learn more about taxation requirements you can check online at www.ccra.gc.ca or call them at 1-800- 267-6999.

F. OTHER POSSIBLE CONSIDERATIONS

Now that you have registered your business, there may still be other things that need to be done. Please note that this list does not contain everything that you will need to do. You may want to set up an appointment with our Business Analyst to further discuss what else might need to be done.

- ◆ Worker’s Compensation Board (WCB) – You can find out more about WCB on their website at <http://www.wcb.ab.ca/employers/> or by calling them toll-free within Alberta at 1-866-922-9221.
- ◆ Safety Manuals & Procedures – A list of safety associations can be found on the WCB website at: <http://www.wcb.ab.ca/employers/links.asp>. It is important to research what possible safety regulations & requirements may apply to your business.
- ◆ Business Bank Account – It is recommended to have separate bank account from your personal one for your business. This will help to track and have a better understanding of your cash flows for your business.
- ◆ Insurance – You will want to figure out what type and what amount of insurance will be optimal for your business depending on the level of risk associated.

8. RESOURCES AND SUPPORT

The Community Futures Wood Buffalo is proud to be a primary source of information and support. We are available to assist you in many ways:

- ◆ Our Business Analyst will provide feedback and assistance with your business plan
- ◆ ***One to one business counseling*** about business concerns, startup or expansion, financing or any other business questions you may have.
- ◆ ***Loan preparation*** – whether you’re applying to a bank or to our lending committee, we can help you prepare your presentation.
- ◆ Workshops designed to educate small business owners on a variety of valuable subjects.
- ◆ ***Video conference workshops*** – Workshops provided by other organizations in the province will be offered via video conference in our meeting room.

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- ◆ If you would like to research online, please check the LINKS page at www.woodbuffalo.albertacf.com

Here's one of our favorites:

Business Link is a federally funded resource for Alberta entrepreneurs. They provide information and services in many ways.

- ◆ Qualified staff – If you have a question about startup, market research, e-commerce, import/export or Aboriginal entrepreneurship you can call Business Link at 1 (800) 272-9675 and speak with a business officer.
- ◆ Brown Bag Sessions – You can attend these informative lunch time sessions via video conference at Community Futures Wood Buffalo from September – December and February - May.
- ◆ Guest Advisors – A different guest advisor is available each weekday afternoon. You can consult confidentially with these experts by calling the Business Link 1 800-272-9675.
 - ◆ Monday – Business Management and Operations: Pricing, franchising, business plans, customer service, business valuation. Special “Business Coaching” on the last Monday of each month.
 - ◆ Tuesday – Legal: Contracts, liability, leases, dispute resolution, business structure, shareholder/partnership agreements, intellectual property, buying/selling a business, licensing agreements, disclaimers, taxation, debt collection
 - ◆ Wednesday – Accounting: Tax issues, GST eligible expenses, business plans, payroll, leasing, business structure issues
 - ◆ Thursday – Financial: Financing options banker’s expectations, loan application process, liability issues, expansion financing, cash flow, financing a buy-out, business plans, alternate financing options and services
 - ◆ Friday – Human Resources: Attracting, selecting, recruiting, retaining employees, orientation and training, engaging employees, employees coaching, performance management, rewards and recognition, employee relations.
 - ◆ Check their web site at www.cbsc.org/alberta

Note: For E-Business question, please contact Business Link’s officers.

For information please check our web site at www.woodbuffalo.albertacf.com or call 780-791-0330 to set up an appointment.