

# outlined:starting a business

planning, starting up and growth



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**life:outlined™**  
An unbiased guide to life events  
and making key financial decisions

## What is life:outlined™?

Every stage of life brings challenges. Standard Life has created life:outlined®, a tool that provides you with unbiased information to guide you through life's events and help you make key financial decisions.



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## BUSINESS

People start businesses for all sorts of reasons. Perhaps because they are passionate about a new product or idea. Perhaps because they simply want to work for themselves. Or perhaps because they have lost their job and can't find a new one.

Whatever your reasons for wanting to start a business, go into it with your eyes open. Businesses which succeed usually do so after careful planning, hard work and persistence. The rewards for this can be great; but without this commitment, failure is all too easy.

Enthusiasm and drive are big success factors for new ventures, but sound advice is just as important. This guide is intended to give you some basic information to start you thinking about how to solve the practical problems you will face and point you in the direction of people who can help.



## BEFORE YOU BEGIN

### Have you thought things through?

Before you do anything – certainly before you spend too much money or give up your job – take time to think things through and discuss your plans with family, friends and advisors. They can't make up your mind for you, but they may have a different perspective on what you are taking on.

If you have a family, getting their agreement and commitment to your plans is essential. Running your own business usually means working longer hours and coping with more uncertainty than you may be used to as an employee. You will need the understanding and support of those around you.

Running your own business can be a tremendous source of satisfaction and enjoyment. But it can be more stressful than being employed, so make sure you have the right mental attitude for going it alone.

## STEP 1 MAKING PLANS

### What sort of business do you want to start?

A new business can be anything from hairdressing done in other people's homes to a large manufacturing plant employing hundreds of people.

Is there a need for your product or service? Most products or services will need market research. At its most basic, this could be asking potential customers whether they would buy what you intend to sell. But beware: are they being honest, or are they humouring you? A more sophisticated market survey, perhaps carried out by a professional firm, may be needed to convince an investor or the bank to back you.



Must your business be full-time right from the start, or could you begin part-time, hold onto your current job and build up gradually?

Do you need a location, or could you start from a spare room in your home? A "soft start" like this reduces risk and doesn't have to limit your ambitions. Some of the biggest electronics and computer companies in the world were started in garages.

Can you begin alone, or do you need partners or employees? If so, where do you find them? Are people available with the experience or skills you need? Would they work for you? Can you afford to pay them?

What are the potential rewards of starting up on your own – and what level of risk are you prepared to take to gain them?

## STEP 2 GETTING INTO THE MARKET

### Is there a market for your business?

This is the most important question you should ask yourself. Marketing is probably the least understood aspect of business, and as a result it is also ignored most often. But it is essential to your success in business.

At its most basic, marketing is making sure that:

- you have a product or service which is right for your customer
- your customer knows about your product or service
- your customer understands what your product or service could do for them
- your customer is sufficiently convinced of its merits to buy.



Market research, formal or informal, can help with the first part. Do buyers want – or better, need – what you want to sell them? Is what you are offering better than what is already available? Does it have the right features to make people buy from you rather than the competition? Is the price right? Are there enough potential buyers to support your business?

Dig into the past. Has someone already tried to sell the product or service you are trying to sell now? There may already have been one or more attempts to enter the market and you should find out if they failed and why.

You should also consider how your competitors will react when you enter the market. If they reduce their prices or increase the benefits of their product or service, how will this affect you? Will you be able to match them, or will you lose sales?

But having the right product does not, in itself, guarantee success. The other aspect of marketing is letting the market know that your product exists, persuading them that they want or need it, and then making your product available for them to buy.

This is where advertising, public relations and word of mouth come in. You can use any or all of them. Available cash may dictate that you do the job yourself, or you may seek professional advice from a marketing or advertising agency. But don't pass up chances to network – make contacts, and spread the word about your business.



Bringing your product to the market may mean working hard to get it into the right stores or catalogues. It may mean employing sales people to approach the customer directly, or employing an advertising agency to do the job for you. It may mean sending out flyers and brochures or calling potential customers. Whatever route is right for your business idea, you will need to give this aspect of marketing some serious thought before you commit yourself.

## STEP 3 THE BUSINESS PLAN

### What should be included in a business plan?

When you have thought through all aspects of your venture, you are ready to begin preparing your business plan. This is a blueprint for your business and should cover all the important aspects:

- what is the product or service you intend to provide?
- what evidence do you have that there is enough demand for it to support the size of business you want to create?
- who are your competitors and what advantages will you have over them?

- how will you promote, distribute and sell your product?
- what resources do you need – people, equipment and location?
- how do you intend to grow the business?
- the financial projections – provide a pro forma statement for the first year.

### Why do you need a business plan?

The business plan helps you to focus your thinking on how your venture will start and develop. More importantly, it is the document you will use to raise any money you need to finance the business, so it has to be persuasive.

## STEP 4 FUNDING

### What funding do you need?

The financial projections in your business plan will indicate how much money you need, when and for how long. Different types of business will need different types of finance; for



instance, if your business needs a lot of equipment before it can start, you may look at renting or purchasing it. If you're starting a cash business – a retail store, for example – you may only need short-term financing, so a loan may be enough.

If yours is a high-risk business, where costs are incurred from the start while revenues may take months or years to come in – for example, developing new software – you may find you need a high proportion of equity finance.

The two main sources of finance for new ventures are equity, in which people or institutions put money into the business in exchange for a share in its ownership. There is also debt, usually a loan from a bank, which can be short-term (1 year or less) or long-term (longer than 1 year)\*.

### Where can you find funding?

For smaller businesses the most common sources of equity are the savings of the founders, their family and close friends. Next come private investors – perhaps people who have already made some money from

their own ventures and are keen to help others or invest in new ideas. Then there are also bank loans that are approved for day-to-day business operations. A bank loan officer can help you find the source and type of funding that is best for you.

Potential investors or banks may want to see your business plan and to discuss it with you before agreeing to provide any starting capital for your business. Remember, anyone who buys equity in your business will have a share in its ownership. If you are setting up a corporation they may ask to join the board of directors. They will also want to know what they are likely to receive in return, for example, dividends.

## STEP 5 LEGALITIES

### Do you have to form a company?

Many entrepreneurs feel they have to form a company to start their business, but it is often not necessary and sometimes not advisable. Legally you can operate on your own, as a "sole proprietor", with others in a general partnership or limited

\* Source: Canada Business Service Centres, [www.cbcs.org](http://www.cbcs.org)



partnership, or as a corporation. Your liabilities if things go wrong, and the ways you and your business pay taxes, are strikingly different for each of these business structures, so get some advice before you decide which one is right for you.

### How do you set up a sole proprietorship?

Being a sole proprietor has the virtue of simplicity. You don't need to consult a lawyer or accountant and paying taxes for your business is quite simple. You can operate under a registered name or use your personal name to issue invoices and do most other things a new business would need to do. However, as sole proprietor, you are also personally liable for all the debts of the business, so weigh up the pros and cons.

### What do you do to establish a partnership?

There is nothing to stop you from forming a business partnership with others without writing anything down on paper, apart from the applicable legal documents to be filed. But given the potential for disagreement later on, it's advisable to draw up a written agreement among all partners, setting out the rights and obligations of each

partner and how they intend to divide up the proceeds of the business.

For big businesses, it may be advisable to get the partnership agreement drawn up by a lawyer. If your firm is small, you may feel you can do it yourself.

### How do you end a partnership?

If all the partners want to wind up a partnership, they can simply pay the debts, reimburse the contributions, split the assets and close the business – all in compliance with the applicable legal formalities. A disadvantage of partnerships, however, is that problems of ownership and value can arise if partners disagree, when a partner dies, or wants to leave, or even gets divorced.

A partner's surviving spouse, for example, may inherit a share of the business when that partner dies. Can you afford to buy them out, or will you have to bring them into the business and work with them? What if a partner wants to move on, and wants to sell his or her share in the business to someone you cannot get along with? Or what about a divorce settlement in which a partner's ex-spouse stands to become a part owner of your business?



All of these problems, and others like them, can be avoided if you create a formal, written partnership agreement from the outset. A lawyer is the best person to help you do this. He or she will be aware of the potential pitfalls, and will write solutions to help you avoid them into your agreement, based on the partners' particular needs and wishes.

A further – and extremely sensible – precaution is to insure the life of each partner. When a partner dies, the policy provides funds which may enable the other partners to buy the deceased partner's share, restructure the partnership so the partner's heir can obtain their share or, in some cases, completely liquidate the partnership. A financial advisor will be able to explain the types of coverage available.

In addition, a partnership can have limited partners. These are owners who do not participate in the daily management of operations and decision-making. They invest in the partnership and their liability, in certain cases, may be limited. These are just the main types of business ventures

available to new business owners. Other types include cooperatives or not-for-profit organizations that are usually a larger group of people committed to one cause.

## Who are the shareholders and directors of your company?

You can be the sole shareholder and director of your company, and this suits many small businesses. More commonly, members of your family or the other people who will be working in the business with you or investing their money in it will become shareholders, and possibly directors as well. Who owns the company's shares and who sits on its board of directors are questions that need careful consideration, and it is best to take professional advice on this from your accountant and/or lawyer.\*

\* Source: Canada Business Service Centres, [www.cbcs.org](http://www.cbcs.org)



## STEP 6 UP AND RUNNING

### What do you need to know about taxes?

Depending on the type of business you are starting and what province you are operating in, tax laws and obligations will vary. It is notoriously easy for new businesses to get into difficulties over taxes, so getting organized to account for and pay these various taxes is essential, both for the success of your enterprise and for your own peace of mind.

### There may also be tax incentives designed to help new businesses, so ask about them.

If you have employees, certain deductions must be made. You must deduct for Employment Insurance, Canada Pension Plan or the Quebec Pension Plan, as the case may be, and income tax, as well as your contribution to the Pension Plan and premiums you pay for Employment Insurance. Other deductions may vary by province. It is important not to let this get behind. If you have an

accountant, they may be able to help you with managing your accounts and payroll or you can hire someone with the right experience who can do this for you on a part-time basis. The Canada Revenue Agency offers a free on-site consultative service for employers who may have questions concerning payroll deductions and other payroll-related issues.

### When should you register for GST/HST?

Registering for the Goods and Services Tax/Harmonized Sales Tax will be different for each type of business. Sole proprietorships operate as individuals and therefore pay personal income taxes. They have a specific reporting period during which they must file a return for the GST/HST. In most cases in a partnership, each partner pays taxes on his own portion of income/losses. GST/HST are filed separately since, for this purpose, the partnership is considered one separate entire entity. Corporations will file their own tax returns as they are a legal entity and will file for GST/HST during the designated reporting periods\*.

\* Source: Canada Revenue Agency, [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)



## Have you got the basics right?

There are two sides to any business: the costs and the income. It may seem simplistic to say that businesses prosper when the income is more than the costs, but it is surprising how many people lose sight of this fundamental principle and come to grief as a result.

It is all right to reverse the relationships for short periods – when you are investing for example. But smart business people know when they are doing this, plan in advance for it and know when they will get back into the black. To do this successfully you need to know accurately what your costs and your income are. You need reliable management accounts, produced daily, weekly or monthly, depending on what your business demands.

## Why should you consider employing a bookkeeper or accountant?

Keeping on top of all the financial aspects of running a business is essential, but it is also time consuming. Recording expenses, paying bills, paying staff and Goods

and Services Tax/Harmonized Sales Tax, filing invoices, keeping track of and monitoring bank accounts and credit agreements all take time that could probably be better spent actually running your business. And given the pressures on most businesses to attract work and ensure the customer is satisfied, it is all too easy for bookkeeping to suffer.

Even if you are a small business with perhaps a couple of employees, hiring a bookkeeper, either as a part-time or full-time employee or on a contract basis, can pay off for your business. It takes the day-to-day paperwork off your desk and, provided that you set up appropriate reporting procedures, improves your financial control of the business by ensuring that you have accurate financial information at your fingertips all the time.

Keeping an accurate track of costs is vital to your business success. A bookkeeper will help you do this and so provide you with an element of control, which would otherwise not be there. Parents of young children who are qualified or experienced bookkeepers are often happy to work for a few hours a day or a week. He or she should keep



track of every dollar spent (remember standing orders, payments made on credit, as well as cheques signed), every invoice or bill issued and every payment that comes in.

Your accountant will also advise on wider financial matters such as loans or property finance, help with business forecasting and draw up annual accounts. Even if you are a sole proprietor you will need these in order to show evidence of earnings should you require a mortgage or other personal finance. You'll also need them if you ever want to sell the business, raise a loan for it or bring in a partner.

In Canada, all records, paper-based or computer-based, must be kept during their respective prescribed time periods in case they are ever requested for tax/audit or other purposes during such periods. This is particularly important if you import goods into Canada for your business\*.

## Does your business have a healthy cash flow?

Every business has to keep a close watch on cash flow – that is, the cash coming in and going out of your business. Cash flow is not the same as profit; you need profit, but you also need enough cash to keep going.

A business – profitable or not – which runs out of cash either fails to grow or stops operating completely.

To maintain a healthy cash flow, time your payments to match your incomings. Good businesses pay their employees and their suppliers promptly, but for this you need to make sure your customers pay you on time too.

This usually comes down to good housekeeping. Before you take on a new customer, conduct a preliminary check on their credit-worthiness when legally permitted. Can they afford what you want to sell them?

Next, make sure that you not only supply your customers on time, you issue the invoice right away too. Your invoice should state the amount and the terms of business, such as "payment within 30 days". Send a statement or reminder before

\* Source: Canada Revenue Agency, [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)



the end of that period and, if you haven't received the money, call them regularly until you do. There is no need to be rude, but be polite and firm. Persistence usually pays off, and insisting on timely payment does not necessarily mean you won't get another order from the customer.

Ensuring that you know in advance when big demands are going to come, and having the reserves to meet them, is the second element of successful cash management. The GST/HST payment period or the purchase of a new computer or other piece of equipment, can strain your cash flow, so plan ahead to ensure that you still have enough cash to meet your usual bills. If you have done your forecasts and there is going to be a shortfall, talk to your bank manager or accountant. Bank managers usually want to help, but they can only do so if you give them time and keep them informed. Talk to your bank regularly and send them your management accounts.

### **Is your business profitable?**

Having plenty of cash flowing into the business does not necessarily mean you are making a profit.

## **You must ensure that you are charging enough to cover your expenses, pay salaries and have some left over.**

This is especially important when pricing a new product or service. Do you know exactly what it costs you to produce it: materials, your time and that of your employees, plus overhead costs like heat, light, rent and telephones? Working this out can be complicated, and you may need an accountant to help you do it.

When you can't charge enough to make a profit, because there are cheaper alternatives on the market, you should review your costs and look for savings. As well, you can price your product according to market prices and competitors' prices. In the long run, you must be profitable to survive, just as you must have sufficient cash. Don't fall into the trap of regarding every dollar that comes in as your own when other expenses and payments must be considered.



## STEP 7 GROWING YOUR BUSINESS

### How can you build on your early success?

Getting your business idea off the ground is one thing. Helping your business to grow is another challenge altogether. To keep your place in the market you have to refresh your business constantly. This means asking your customers what they want, seeing what your competitors are offering and what they are charging, and constantly striving to stay on top.

**You have not only to retain your existing customers but also to attract new ones, because no matter how good your products or services are, it is inevitable that you will lose some.**

When your customers are happy and you are leaving the competition behind, then you can decide whether you want to make your business bigger. There are benefits and there are pitfalls along the way.

You may decide to develop new products and services over and above those with which you started the business. Be careful, though, not to stray too far or too quickly into unfamiliar territory. The old adage, "stick to what you know best", is generally good advice. And if you do decide to branch out, make sure you research the market, and the potential pitfalls, before you commit to something new.

Another pitfall to avoid is over-reliance on one or two customers. This can easily happen, especially with smaller businesses, with disastrous consequences if the customer takes their business elsewhere. Try to keep a balance, so that no single client is providing you with a disproportionate amount of your annual turnover. And keep a constant look out for new customers who can add to your business and reduce the risks of relying on a small customer base.



## How do you find new customers?

Finding new customers usually means increasing your marketing efforts. Many young businesses confuse marketing with advertising, which is a useful tool, but it is only one form of marketing. The other common ones are public relations, direct mail and networking – using word of mouth contact to get your message across.

You can do small-scale marketing yourself. Local newspapers and radio are a good way to promote your product or service. It is not difficult, with a little practice, to write a brief press release or direct mail flyer.

If you plan to spend substantial amounts of money it is advisable to get a professional advertising agency to help. It will cost more, but if they do their job properly you should get a higher response.

Don't expect too much the first time around. It is often surprising how long it takes to make potential customers aware of your company or product, let alone persuade them to buy.

You may have to build your campaign slowly before going in with the hard sell, so planning is vital.

Choose the most effective medium for your message. Depending on your business it may be newspapers, magazines, the radio, television, direct mail or the Internet.

If you are moving into a new market, getting advice from a professional agency that knows the area and has contacts is even more important.



## Should you expand?

When your business is running efficiently and profitably, that is normally the best time to expand.

Plan for it: know what you are going to do to find the extra customers or sales, and have the resources to meet the additional demand such as staff, equipment, location and cash.

The safest way to expand is to build on what you are doing well. Find new customers for your existing product or service, or sell more to your current customers.

It is also possible to expand by adding entirely new products or services to your range. Use what you've learned about the market, what customers want and how much it costs you to produce things to help you bring in new lines.

In the drive to bring in new sales, don't neglect your loyal clients. It is easier to keep a satisfied customer than it is to find a new one. And finding new customers almost always costs more.

Plan ahead, but tread cautiously. If you decide to expand your geographical market, try to do so logically. Move to

the next town or region, rather than targeting far off areas of the country, which will add heavily to travel or distribution costs.

Allow for the fact that when you enter a new territory you may also be taking on new competitors. Find out who they are, what makes them successful or what makes them vulnerable.

On a small scale you can learn about a new market by asking around. It is always good to do this so that you get a first hand feel. But if you are spending large amounts of money, it is worth hiring a professional marketing research firm to prepare a report for you. Take time to brief them in detail about what you want and insist that they not only write you a report but explain it to you too, so that you get maximum value from their service.

If you want to sell in another country, take the time to learn about the culture, the language, the local rules and laws and the currency.



It is always safest to expand by doing more of what you are good at. The riskiest way is to move into areas where you don't have expertise, or don't have a competitive edge.

### How can you fund expansion?

If your expansion is gradual you may be able to finance it from your own profits (your retained earnings from previous years). This is usually the cheapest way.

An alternative may be to increase your overdraft. Your bank manager will want to see your business plan to be sure that you have a reasonable chance of bringing the overdraft down again within an acceptable period.

They may also want to secure the loan by holding the company's assets as collateral or through personal guarantees on the part of the owners and/or directors.

If you require larger amounts, you might be better off with a fixed term loan. For a fixed period, you can negotiate the terms to suit your business, you will pay interest, as well as the capital either in instalments or in a lump sum at the end.

You can also find out about the Canada Small Business Financing Act through Industry Canada. Loan and financing conditions may vary across provinces\*.

\* Source: Industry Canada, [www.ic.gc.ca](http://www.ic.gc.ca)



**If your expansion needs significant capital spending – a new machine or building – leasing may be the right option. Ask your accountant for advice.**

For larger sums still you may need to raise equity – that is, bring in fresh capital by selling shares in your business. This can be done in a partnership. Or if you are contemplating it and have not yet incorporated your business, this may be the time.

Relatives and friends can sometimes come up with additional capital, but if you want more than they could afford, or would prefer not to approach them, ask your financial advisor, accountant, or visit the Industry Canada Web site to find other sources of information on raising equity and the options available to you.

Whether these other sources are individuals or institutions which specialize in helping small companies, they will want to see your business plan.

In most cases they will leave you in control of your business, but they will often want a significant stake and the potential to make a high return on their investment before taking the plunge.

They may also want legal protections in case the business expansion does not work out. For this you will probably have to involve a lawyer and perhaps an accountant too.

They will also want to know what their "exit" is likely to be – the means by which they get their money back. This could be through the sale of the company, or issuing shares on the stock market, or they may be content to receive regular dividends. All these things may be some way off, but when raising equity finance you will need to think about them now.

### **Do you need to employ more people?**

Expansion often means taking on more staff and that can be daunting for a young company. The right people are essential to enable your business to grow, but taking on full time staff is not something to be done lightly. You owe it to your new employees as well as your business to ensure that



your planned expansion will produce enough extra income to justify their salaries and other costs for a reasonable period, so that they have some security of employment.

You have to ensure that you are complying with the relevant employment laws and contributing to the Canada Pension Plan or to the Quebec Pension Plan, as the case may be, as well as paying premiums for Employment Insurance and making other necessary deductions for tax purposes. At this level you will need someone on your team with experience in payroll management or you can subcontract your payroll processing to an accounting firm.

There are certain government allowances and benefits to taking on employees, so find out with the Canada Revenue Agency if your business qualifies.

### **How do you set up a pension plan for employees?**

Skilled, experienced people are hard to find and you may find it difficult to compete in the employment market unless you offer a good compensation package to potential employees.

**You may want, or need, to set up options for a pension or employment insurance. A pension plan offers the potential to reduce your tax bill, as all employer pension contributions are treatable as a business expense.**

Before setting up a pension scheme for employees you should seek the help of a professional financial advisor. You will also find some useful information on the Canada Business Service Centers Web site.

A financial advisor will explain how all these pension options work, and how they can help your business through tax shelters and by providing additional benefits to employees.



## What can you do to strengthen customer relations?

Your customers are vital to your business. Don't take them for granted: do everything you can to get to know them, understand their needs and tailor your product or service to their requirements.

Speak to your customers on a regular basis. This doesn't always have to be at a formal meeting, but however you do it you should ask them explicitly if they are happy with what you do for them and what areas show room for improvement. Listen carefully to what they tell you, and feed their comments back to them either verbally or in a letter. You should also explain how you are going to tackle the areas needing improvement.

It is worthwhile identifying the customers who generate the least and the most profit, and link this to the amount of work required to service them. You may find that you waste an awful lot of time on unprofitable business, which would be better spent ensuring that your more profitable customers are completely satisfied.

Let regular, profitable customers know how important they are to you, and how much you value the business they give you. Consider rewarding them with special offers and discounts. Keep them informed of new products or services, and match these to their needs.

## Try to look at your business from your customer's point of view, and change it accordingly.

## STEP 8 COMMON PITFALLS AND HOW TO AVOID THEM

### What pitfalls should you look out for?

There are many reasons why new businesses fail, but these are some of the most common. Guard against them from the beginning.



## Not enough funding

Many businesses start with too little cash to see them through the difficult start-up phase. Their founders are over-optimistic about sales or how quickly the cash will come in. They underestimate how much they will spend on rent, wages, equipment or materials, and they don't allow for the inevitable unforeseen problems.

It is much better to start a business with too much money than to have to scramble for more cash when you are facing hard times. When you make your forecasts, always run a second, pessimistic set and show these to the bank. When you are asking for a loan or overdraft limit, always consider adding a contingency sum.

Banks are usually willing to back new businesses, but, like investors, they will want to see your plan and be sure you have thought through the risks and problems. Banks rarely finance the whole venture; more often they want to see some capital introduced by the founders or other investors as well.

The bank will also want security for the loan, usually over the assets of the business. This means that if the business fails the bank gets first call on any cash or assets that remain. Personal guarantees by the directors or founders are also often required.

Grants may be available if you are starting a business in an eligible trade or area. Again, ask your financial advisor or visit the Industry Canada Web site for details.

## Neglecting marketing

There are so many things to think about when you start a new business that it is not surprising that some things get left out. Not marketing your product vigorously enough is one of the common omissions. If potential customers have not heard of your product, your service or even your business, the job of your sales people will be much harder and your sales will fall behind target.

Spend as much on marketing as you can afford; work out a budget and build it into your business plan.



## Getting caught in the slow paying cycle

Even profitable businesses can go under if they run out of cash. It is no use making sales if your customers take too long to pay you. It is vital to keep on top of your cash collection, otherwise as your sales increase and your cost of sales rises proportionately, you will find that your overdraft goes up too. Before you know it you are at your limit and your suppliers, whom you have been delaying paying to compensate for your own customers' slowness, start threatening to cut off your raw materials. New businesses are sometimes afraid to press customers too hard for payment in case it damages future sales. But a customer who takes your product or service and doesn't pay for it is not one you want to keep. Call late payers regularly and don't let them off with excuses.

## Failing to win support

Make certain you have considered what the effect will be on your family. New businesses often demand long hours, almost total commitment and financial sacrifice. The full support of husbands, wives, partners, parents or close friends can help you get through that. But if you don't have their backing, or worse, you haven't discussed it with them, you can't expect understanding or sympathy if work constantly gets in the way of your family or social life.

Think too about the financial commitment you are going to have to make. Few entrepreneurs become millionaires. Think carefully before you give up a secure and comfortable lifestyle as an employee, and talk things over with those you trust before putting your savings or your home at risk.

## STEP 9 ADVICE

### Who can advise you on running your business?

Your family, your accountant and your lawyer are your most immediate sources of business advice. But there are other people you can turn to for strategic guidance or an expert opinion.



Individuals or institutions investing in your business may want to appoint a non-executive director to your board to keep an eye on their investment. Look on this as a plus rather than a minus. They are not there to spy on you or cramp your style, but to give advice and practical help.

Non-executives are usually business people who have relevant experience in finance, marketing or management. Their presence as directors obliges you to hold proper board meetings where strategy and progress can be discussed. They can provide a sounding board for the full time management, who can sometimes get too close to problems to see the way around them. If the need arises, they may also help to resolve disputes between the founders.

Some businesses find it worthwhile to take on a non-executive as director, even if shareholders do not insist on it.

If you are not at the stage of appointing a non-executive as a director, you may find it useful to have a mentor. This is a more experienced person that you trust and can turn to for advice and a second opinion.

Some key sources of invaluable help are the Guide for Canadian Small Businesses, the Canada Revenue Agency and The Canadian Chamber of Commerce ([www.chamber.ca](http://www.chamber.ca)).

All provide business owners, as well as others thinking of starting a new business, with essential information, and they offer an excellent networking medium.

They can also help with and answer questions on issues such as taxes, hiring staff and employers' obligations to their staff, as well as finding sources of capital and funding for the business.



## AND FINALLY...

If the first four rules of business are plan ahead, take advice, keep on top of finances and stay ahead of your competitors, the fifth is have fun. Starting a new business is hard work, often frustrating and sometimes nerve-racking. But once you have tasted the freedom and exhilaration of making your own decisions, and experienced the satisfaction of seeing something you have created thrive and grow, you may never go back to working for someone else.

Whatever else you do in your business, make time to enjoy it – and to step back and admire what you have achieved. Make time for yourself too; your business is demanding, but don't let it dominate your life to the exclusion of all else.

Make time for yourself, your family and friends, and develop the habit of relaxing in a way which precludes thinking about business problems. When you return to them with a fresh mind you'll find them much easier to conquer.

Good luck!

## USEFUL CONTACTS

### **Business Development Bank of Canada**

BDC Building  
5 Place Ville Marie, Suite 400  
Montreal, Quebec  
Canada  
H3B 5E7  
1 877 232-2269  
[www.bdc.ca](http://www.bdc.ca)

### **The Canadian Chamber of Commerce**

Ottawa Headquarters  
Delta Office Tower  
350 Sparks Street, Suite 501  
Ottawa, Ontario  
K1R 7S8  
(613) 238-4000  
[www.chamber.ca](http://www.chamber.ca)

### **Canada Revenue Agency (Guide for Canadian Small Businesses)**

[www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)

For inquiries on CRA's visits to new employers: 1 800 959-5525

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### **Canada Small Business Service Centers**

Regional offices located across Canada  
[www.cbssc.org](http://www.cbssc.org)

### **Canada Benefits (Economic Development Opportunity Fund) Public Works and Government Services**

Ottawa, Ontario  
Canada  
K1A 0S5  
Attn: Canada Site – Canada Benefits  
1 800 622-6232  
[www.canadabenefits.gc.ca](http://www.canadabenefits.gc.ca)

Information and services for businesses and self-employed individuals  
1 800 959-5525