

SMALL  
BUSINESS



# *StartRight* for business

A how-to guide for newcomers to Canada interested in starting a business.

 Scotiabank   
**StartRight**<sup>®</sup>  
PROGRAM FOR NEWCOMERS

 **Scotiabank**<sup>®</sup>

# Table of contents

Introduction	3
Step 1: Self-assessment	4
Step 2: Set Goals	6
Step 3: Explore Start-up Options	7
Step 4: Research	9
Step 5: Plan	11
Step 6: Source Money	13
Step 7: Hire Help	15
Step 8: Get Advisors	17
Step 9: Launch	19
Step 10: Get Growing	21
Final Advice	23
Contacting Scotiabank	23



# Introduction

You likely came to Canada because you believe it's the best place to live, work and raise your family. We think you're right.

We think Canada is also the best place to start your business.

Our society values free enterprise. We want entrepreneurs to succeed. As a result, you'll find this country offers a variety of support to business owners, including business training, financing programs, grants and subsidies, tax incentives, government-sponsored resource centres, free online tools and much, much more.

Canada's rich cultural diversity will also benefit your new business. Newcomers from around the world bring fresh energy, perspectives, talents and international opportunities that enrich our business community and strengthen our national economy.

With approximately 2.7 Million entrepreneurs already working in Canada, you'll never be alone. They power thousands of clubs, organizations and groups devoted to helping small business owners acquire new skills, make new connections and make good decisions.

We believe you've chosen the right place to start your new life...and your new business.

This guide will help you to get started. Developed by experienced entrepreneurs, it offers valuable information and resources within ten easy-to-follow launch steps. And, along the way you will find practical advice and simple solutions from your Scotiabank Small Business advisor.

# STEP 1

# Self-assessment

## Let's start with you.

The process of building your new business begins with an understanding of who you are and what you want to achieve. Understanding yourself better will help you to make a business choice that really suits you.

### What do you want?

Start by exploring your personal goals, life ambitions and family priorities.

- What's really important to you?
- What do you want your life to be about?
- Why do you want to start a business?
- What benefits are you seeking and why do you want them?
- Do you want a small or large business?
- Where in Canada do you want to operate?

### Who are you?

Success in business is not just about what you want – it's also about who you are. Take some time to understand:

- **Your passion.** What do you love to do?
- **Your skills and weaknesses.** Maybe you excel at selling, but do poorly with numbers.

- **Your preferences.** Are you a people person or do you prefer to work alone? Love or hate technology?

### How do you like to work?

As a business owner in Canada you're free to work the way you want and with people you like. Think about the way you like to work in terms of:

- Where you want to work (home office, retail shop, office building).
- Your ideal work day (9 to 5 or 5 to 12; non-stop work or leisurely pace; occasional days off or four-week summer holiday).
- People around you (creative or professional; family members or strangers; serious souls or fun-loving).
- Hands-on or hands-off (doing all the work or delegating it).

## Resources

### Entrepreneur self-assessment

[canadabusiness.ca](http://canadabusiness.ca)

[getgrowingforbusiness.com](http://getgrowingforbusiness.com)

[entrepreneur.com](http://entrepreneur.com)



**TIP**

**Successful business owners are:**

Ambitious, focused, visionaries, passionate, and good planners.

## STEP 2 Set goals

Once you better understand who you are and what you want, it's time to use that knowledge to set relevant personal and business goals.

Your objective here is to determine what you want from your life so that your new business can be designed to support those goals.

### For example, consider:

- **Financial goals.** Targets for annual income, retirement and savings.
- **Lifestyle goals.** Do you crave freedom, independence or status?
- **Family goals.** You may want to create jobs for your family, or build a business to give to your children.
- **Mission goals.** Your priority may be to improve the lives of your customers or make a difference in your community or industry.

Start by defining your personal goals. For example, let's say you and your financial planner meet to calculate how much money you'll need to earn for retirement. If that number is \$5 Million, you'll need to start and grow a business that is capable of contributing that amount to your personal financial plan.

Or, your goals may reflect personal priorities, such as creating a business that can employ family members.

Align your personal goals with your business plan. Your business should be designed to serve you, the owner. It should work for you to give you everything you want.

Review your goals with a trusted advisor to ensure they are specific, realistic, measurable and time-based.

### Resources

#### Goal Setting

[getgrowingforbusiness.com](http://getgrowingforbusiness.com)  
[sbinfoCanada.about.com](http://sbinfoCanada.about.com)

#### Planning

[scotiabank.com/businessplan](http://scotiabank.com/businessplan)



**Check your progress toward your goals every 90 days.**

Once you achieve your goals, set new ones.

## STEP 3

# Explore start-up options

Now that you know what you want from your new business, it's time to select the best path to take you there.

### There are three basic options to get into business:

- Buy an existing business for sale.
- Buy a franchise.
- Start your own.

Each option warrants investigation. Your choice of either path should reflect the decisions you've made about who you are, what you want to do, and how you like to work. For example, if you like the idea of working within a proven business system, a franchise may be best for you.

### Here are some advantages and disadvantages of each business option:

1. **Buy an existing business.** You'll enjoy immediate cash flow, loyal customers and a turn-key operation. On the downside, it may be difficult for anyone other than the seller to successfully run the business.
2. **Buy a franchise.** An attractive option because the business model is already successful, as proven by other franchisees (be sure to talk to them). You'll receive



professional support and guidance from a franchisor that makes money when you do. Negatives may include a hefty upfront investment, ongoing royalty payments and operating restrictions.

3. **Start your own.** You'll enjoy absolute freedom to pursue your own business idea and build the business your way. You'll be responsible for developing business systems, getting customers, managing employees and overseeing finances. While 'starting from scratch' is exciting, some people find it exhausting, expensive and confusing because the business is so new.

### Business opportunities in Canada

- **Home services.** People will pay for deliveries, renovations, cooking and support.
- **Personal assistance.** Managing errands, organizing schedules, calling customers.
- **Outsourcing.** Doing the work companies no longer want to do themselves, such as training employees, cleaning offices, planning events, building specialised parts, or managing information technology.
- **Senior homecare.** Caring for the aging parents of busy Baby Boomers.
- **Import/export.** Helping Canadians connect with international opportunities.

### Resources

#### Trends & Ideas

[trendwatching.com](http://trendwatching.com)

#### Industry Information

[strategis.gc.ca](http://strategis.gc.ca)

#### Canadian Franchise Association

[cfa.ca](http://cfa.ca)



**Any business option must be thoroughly investigated.**

Speak to customers, suppliers and competitors to better understand the business opportunity.



# STEP 4 Research

Running a business in Canada may be a much different experience than running a business in your country of origin. Researching your intended marketplace will help you to better prepare for success here.

Whether you plan to buy an existing business, buy a franchise or start your own, you'll want to investigate everything including customer demand, industry trends, competition, operating requirements and costs.

## Customers

- Identify your proposed customers and find out as much about them as you can.
  - Where do they live?
  - How often will they buy?
  - Where else do they currently shop?
  - How much will they pay?
  - Do they prefer to shop in person or online?
  - Use surveys, one-to-one interviews or multi-person focus groups to collect data on your target customers.

## Industry trends

- Know what you're getting into. Will customer demand increase or decrease during the next five years? Go online to study trends in your particular industry, talk to other business owners, read business magazines and books and collect opinions from professional advisors (such as a banker, lawyer and accountant).

## TIP

### Ask customers first.

Let them guide you on decisions such as location, pricing, inventory mix and hours – before and after your business opens.

## Competitor strengths

- Identify your direct and indirect competitors and make a list of their strengths and weaknesses. Identify something you can do better and build your marketing around that.
  - Direct competitors are businesses going after the same customer with the same product (Coca-Cola against Pepsi).
  - Indirect competitors target your customers with a slightly different offering (McDonald's against KFC).



## Operating requirements & costs

- As a business owner in Canada, you may need to comply with certain regulatory requirements particular to your type of business. Selling food you've prepared yourself, for example, will likely require a permit.
  - Your local government office likely offers a service to assist small business owners to identify and obtain any required permits or licenses. Or, do a search online.
- Research the cost of starting and running your business. Contact or source suppliers to obtain price quotes. Call utilities providers. Interview contractors you may hire to do renovations. Ask your professional advisors (such as a lawyer and accountant) to estimate their fees.

## Resources

### Business Permits & Licensing

[bizpal.ca](http://bizpal.ca)  
[canadabusiness.ca](http://canadabusiness.ca)

### Statistical Data

[statcan.gc.ca](http://statcan.gc.ca)

### Industry Information

[strategis.gc.ca](http://strategis.gc.ca)

### Web-based Survey

[surveymonkey.com](http://surveymonkey.com)

### Newcomer Resources

[scotiabank.com/startright](http://scotiabank.com/startright)

# STEP 5 Plan

If you've decided on a particular business and satisfied your research it's now time to write your Business Plan.

A good plan will combine all of the information you've collected, the decisions you've made and the goals you want to achieve together into one clear document. It will help you to reach your professional goals, which, in turn, will help you to achieve your personal goals as discussed in Step 2. A plan will communicate your intentions to lenders, investors, partners, employees, suppliers and advisors. It will focus the efforts of you and your team.

## Inside the Business Plan

Ideally about ten pages, your plan should include these sections.

- **Executive Summary (brief – one page)**
  - What you hope to achieve by presenting your plan (financing etc).
  - Business description.
  - Business goals.
  - Brief description of your target market.
  - Introduction to management team.
  - Product/service summary.
  - Financial highlights.
  - Next steps.
- **Business Description**
  - Business Overview – what your business will do.
  - Personal goals.
  - Business vision and goals.
  - About your product/service.
- **Marketplace Research**
  - Industry factors & trends.
  - Profile of your target customer.
  - About your competition.
- **Sales and marketing**
  - How do you want customers to think about your business?
  - What is your competitive advantage?
  - Pricing your product/service.
  - Promotional strategies to attract customers.
  - Description of your selling process.
  - Distribution - how you will get your product/service to market.
- **Business Operations**
  - The team – suppliers and alliances.
  - Business structure; Sole proprietor, partnership or corporation.
  - The management team.
  - Human resources plan for recruiting, hiring & training.
  - Business location.
  - Regulatory requirements, permits or licenses.
  - Identification of any specialized machinery, technology or software required.
  - Your plan to use the internet and mobile services.
  - Planned changes and contingency plans.

- **Financial Section**

- Start-up costs (Capital costs + Operating costs for 6 months).
- Balance Sheet.
- Income Statement.
- Cash Flow Projections.
- Financial ratios & highlights – profit margin, break-even point, anticipated milestones.
- Personal finances – Statement of Net Worth.

### Resources

#### Creating a business plan

[scotiabank.com/businessplan](http://scotiabank.com/businessplan)

[canadabusiness.ca](http://canadabusiness.ca)

[bplans.com](http://bplans.com)



## TIP

**Make sure your plan is realistic by seeking input from advisors.**

Share your plan with a business owner, accountant or small business banker.

## STEP 6 Source money

Getting into business will require money. Whether you need a little or a lot of money will depend on the type of business you're getting into.

You may need money to buy an existing business or pay an upfront franchise fee. Or, you may need money for equipment, inventory, wages, advertising, licenses and rent. And, you'll definitely need some money to pay for family expenses while your business gets going.

- Determine how much money you'll need.
- Identify the top sources of start-up financing.
- Approach those sources.

### Determine your needs

Your new Business Plan should identify two types of start-up costs:

1. Capital costs for equipment, software, furniture, web design, permits, inventory, renovations, telephone activation, signage, etc. Or, you may need that capital to buy a business or pay a franchise fee.
2. Operating costs for ongoing monthly expenses such as rent, wages, owner's draw, telephone, Internet, supplies and marketing.

Use this formula to calculate the amount of start-up money you'll need:

- Capital costs + 6 months of Operating costs + 10% for unexpected expenses.

### Where to get the money

- **Personal funds**
  - Savings...but don't invest all of it into your business.
  - Investors & lenders want to see that you've injected some of your own money.
- **'Love Capital'**
  - Ask family and friends for a loan. Prepare a proper agreement to repay them.
- **Partners**
  - A business partner may be willing to help you run your business and invest money.
- **Investors**
  - Angel Investors are other business people who want to invest in your business, but not run it.
  - Venture Capitalists are professional investors who invest large amounts. They typically want ownership control.
- **Financial Institutions**
  - Banks offer a range of financing products, including business loans, commercial credit cards, lines of credit, overdraft protection and others.
  - Ask about programs designed specifically for start-ups and to help you build your credit history.

- **Government programs**
  - Visit your local town or city hall to identify government programs that may be available to you. Or, search online.
- **Non-profit organizations**
  - Some lend money to start-ups. Consult your local government office or search online.
- **Advance sales**
  - Ask for partial or full payment from your first customers to inject some money into your business.
- **Suppliers**
  - Ask them for generous payment terms or a credit account to give you more time to make sales.

### Resources

#### Financing opportunities

scotiabank.com/startup  
scotiabank.com/startright

#### Financing programs

canadabusiness.ca  
communityfuturescanada.ca  
cybf.ca

**TIP**

#### **A good business plan is essential to raise money.**

Before speaking to investors or lenders, practice answering anticipated questions to make sure you can express your plan comfortably.





# Hire help

You'll need a great team of people to help you to build a great business. With today's flexible workforce, you've got plenty of options to obtain the help you need.

## Business partner

- A formal business partner will add skills to help power your business. You'll share financial risk and motivate each other.
- On the downside, you could have disagreements with a partner and you must share the profits. Speak with a lawyer before taking on a partner.

## Employees

- Capable and reliable full-time or part-time employees will help you realize your business goals.
- Write job descriptions for each position to help you focus on hiring the skills and talents you seek.
- Hire a person with a positive attitude.
- Ask two business associates to participate in your interview panel to help you screen applicants.
- Remember, hiring employees creates an additional, long term expense. Hiring employees also requires strict compliance with relevant government regulations.

### As a Canadian employer, you must:

- ✓ Pay employees regularly...even before you pay yourself.
- ✓ Provide vacation time.
- ✓ Ensure the workplace is safe.
- ✓ Deduct and remit Income Tax, Canada Pension Plan, (CPP) and Employment Insurance (EI) premiums from employee payments.
- ✓ Contribute to CPP and EI beyond what your employees will pay (called Mandatory Employment Related Costs – MERC).

### Contract support, freelancers and associates

- Freelance and contract workers are people you can hire by the project or job. They are not employees.
- Associates are other small business people whom you invite to work with you on a project too big for you to handle alone.

### Suppliers

- Suppliers are your source for products and services used in your business. Your success may depend on the quality of your suppliers, so choose them carefully.



## Resources

### Employer responsibilities

[hrsdc.gc.ca](https://hrsdc.gc.ca)

### Collecting & remitting employee taxes

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

### Finding employees

[workopolis.ca](https://workopolis.ca)

## TIP

### Ask potential team members why they want to work with you.

It is important to choose partners, employees, suppliers and advisors who appreciate your vision but bring fresh perspectives and abilities.



## STEP 8 Get advisors

As an entrepreneur, you must know a little about a lot of things. Advisors – either paid or volunteer – are a valuable source of experience, connections and inspiration. The right advisors can help you to make better business decisions critical to the growth of your business.

### Advisors will:

- Fill in gaps of knowledge and expertise.
- Add personal support and encouragement.
- Do specialized work for you.
- Introduce you to their business contacts.

### Advisors to consider:

- **Lawyer**
  - You can hire a lawyer to review or create important business documents, including Sales Contracts, Non-Disclosure Agreements, Partnership Agreements, Commercial Leases and Shareholder Agreements.
  - A lawyer can search the government database of available business names for you, supply an opinion on the safest legal choice, and complete the paperwork required to incorporate your company.
  - Many lawyers also advise on business strategy.
- **Accountant**
  - Will help you take advantage of business write-offs and supply business advice.
  - Advise you on leasing vs. purchasing decisions.
  - Develop financial reports to help you manage your company.
- **Small Business Banker**
  - Bankers will help you secure financing for start-up, growth, equipment purchases and cash flow.
  - Your banker may help you to connect with other advisors (such as a lawyer or accountant) or business people in your community.
- **Financial Advisor**
  - Provides help with your personal and business financial planning. For example, a Financial Advisor can determine how much money your business needs to pay you to achieve your retirement goals.
- **Volunteer Business Mentor**
  - An experienced business person willing to regularly share their advice and experience with you.
- **Professional Business Coach**
  - Will help you to implement your business plan, guide you through challenges and supply motivational support.

- **Peer-to-peer networks**

- Local business owners who want to help each other to succeed.
- There are formal and informal peer networking groups for business owners in every Canadian city. For example, your local Canadian Federation of Independent Business (CFIB) representative will offer opportunities to connect with area entrepreneurs.
- Many newcomers to Canada credit their success to community involvement. Communities will support, advise, connect and inspire you.

### Resources

#### Finding advisors in Canada

[canadabusiness.ca](http://canadabusiness.ca)

#### Professional business coaches

[bizlaunch.com](http://bizlaunch.com)  
[actioncoach.com](http://actioncoach.com)

#### Small business organizations

[cfib.ca](http://cfib.ca)  
[chamber.ca](http://chamber.ca)

#### Mentors for young entrepreneurs

[cybf.ca](http://cybf.ca)



**TIP**

**Choose your advisors carefully. Interview them like job applicants.**

Whether they are paid professionals or volunteer mentors, they should have a proven track record and stand behind the advice they offer.

# STEP 9 Launch

Now that you've written your plan, secured start-up funds and assembled your team, it's time to open for business.

- Register your business.
- Organize your operations.
- Launch marketing.
- Start selling.

## Register your business

Speak to an accountant or lawyer to select the right business structure for you. You have three choices:

- **Sole Proprietorship.** Most Canadian small businesses start as Sole Proprietorships because set-up is quick, easy and inexpensive – it will cost you approximately \$100 to register. Under this form of business organization, however, you'll assume all risk because there is no legal or accounting separation between you and the business.
- **Partnership.** Essentially two Sole Proprietors registered under one business name, this option should inject more talent and energy into your business while sharing the risk. Again, you are personally exposed to the liabilities of the business.
- **Corporation.** Often called an 'artificial person', a corporation limits your liability because it is considered a separate legal and accounting entity from its shareholders. A corporation may find it easier to raise capital by selling shares and carries a variety of

taxation benefits. However, there are more government compliance requirements. The cost of incorporating begins at \$400 in most Canadian Provinces.

## Organize your operations

- **Regulatory requirements.** Canadian businesses must follow certain rules set out by federal, provincial and municipal governments and other agencies. Hiring employees, for example, requires you to open an employer account with the Canada Revenue Agency (CRA).
  - Obtain a list of regulatory requirements from your local government office or search online. (See the Resources section on the next page.)
- **Get your systems up and running.** Systems combine people, technology and processes to produce a desired result. For example, entering a customer order into your accounting software is a system.
- **Administration.** Open your bank account, organize your filing system, order office supplies and get the telephones and Internet working.
- **People management.** Train your employees to use any new software or equipment. Get your vendors ready to perform. Talk with your professional advisors about legal or accounting requirements.

## Marketing

Your marketing materials can be as basic as a logo, business card and letterhead (called an identity package) or more complex with brochures, a website and advertisements.

Whether simple or extensive, it is important to get the basics of your marketing needs in place so that you are ready to sell.

- Develop a Marketing Plan as part of your Business Plan.
- Hire professionals to help you to create effective marketing materials.
- Plan to focus much of your time on marketing.
- Get involved with your business community to grow your network of contacts.

## Start selling

Spend a majority of your time on sales and marketing. Without customers, you won't have much of a business.

- Develop a strong sales strategy that you can manage every day. Your particular sales strategy might include cold calls, presentations, direct mail, referrals or the Internet.
- Start a database. Use software or online cloud services to record information about your prospects and customers.
- Get testimonials from happy customers and share it on your website and brochure.
- Sell something every day.

## Resources

### Business registration

[canadabusiness.ca](http://canadabusiness.ca)

### Regulatory requirements

[bizpal.ca](http://bizpal.ca)

### Advice for business owners

[entrepreneur.com](http://entrepreneur.com)  
[newcomerstartup.com](http://newcomerstartup.com)  
[getgrowingforbusiness.com](http://getgrowingforbusiness.com)

### Marketing & selling tips

[gmarketing.com](http://gmarketing.com)  
[marketingprofs.com](http://marketingprofs.com)



**Promoting and selling to customers should be your main focus for the first year of your business.**

In addition to contributing to your cash flow, new customers will also give you feedback to help improve your business.

# STEP 10 Get growing

Planning now for your company's growth will make future business easier.

## The first three years

Long days, cash flow crunches, stress and surprises are all normal experiences for new entrepreneurs. Remember that building a successful business takes time!

Strive to achieve these positive conditions within your first three years:

- **Stable cash flow.** You'll quickly learn what your customers really want from your business and that experience will help you to sell to them more often. A predictable monthly income will let you breathe easier and plan confidently for the future.
- **Healthy customer base.** Your list of customers is the most valuable asset in your business. Learn everything you can about your customers so you can keep them happy.
- **Knowledgeable team.** Your team will quickly discover what works and what does not. That knowledge and experience will make each subsequent year a little easier.
- **Profitability.** You'll find new operating efficiencies to increase earnings and decrease expenses.

## Finance growth

After a few successful years in business, you will accumulate a financial history that may entice lenders and investors to finance your plans for growth. Your plans may require funds

for new locations, new marketing campaigns or to improve the efficiency of existing operations.

- Consult your advisors (lawyer, accountant and banker) about the types of financing available to help fund equipment purchases, larger leases, more marketing and bigger payrolls.
- Set aside some money from your now profitable business to help fund future growth.

## Take care of you

Your business simply won't grow unless you are taking care of its most valuable asset – you! Develop a personal plan to manage your time, acquire new skills and stay physically and mentally fit.

- Take a vacation. Entrepreneurs typically work longer hours than employees, which can lead to physical and mental exhaustion. Take some time off to recharge and refresh.
- Exercise regularly and eat healthy foods.
- Stay motivated by regularly reviewing your business goals and plans.
- Meet with other business owners to share challenges, ideas and support.
- Learn from business books and magazines. Enroll in a business course or attend an informative seminar.
- Delegate non-essential functions (like bookkeeping) to employees or suppliers so you can focus on growing the business. You simply can't do everything yourself.
- Leave work at work. Don't think about your business when you're off duty.

## Resources

### Small business training

[scotiabank.com/certification](https://scotiabank.com/certification)

### Financial growth

[canadabusiness.ca](https://canadabusiness.ca)  
[getgrowingforbusiness.com](https://getgrowingforbusiness.com)

### Time management tips

[entrepreneur.com](https://entrepreneur.com)

### Other

[scotiabank.com/startright](https://scotiabank.com/startright)



**Your work time is precious, so organize it carefully each week by creating simple to do lists.**

Consult your business plan to identify your most important tasks.

# Final Advice

Business success requires making more right moves than wrong ones.

Make focusing on customers your first move. New business will generate the cash flow your young company needs. Carve out a customer niche and market aggressively to build your brand.

Next, move to reinvest those dollars into your business to create momentum. Buy better equipment, improve your systems, spread your marketing and arrange skills training for your employees.

And, work closely with trusted advisors. Talk with your advisors about important decisions involving finance, management and marketing. Meet with other business leaders in your community to learn from their experience.

Don't worry about making the occasional wrong move because that's how new business owners learn. Just continue to follow your plan and ask for some help along the way.

**Congratulations on your new business!**

**Thank you for reading this guide.**

**We hope it helps you to achieve your small business goals in Canada. For additional help, please contact your local Scotiabank Small Business advisor or visit us online at [scotiabank.com](https://www.scotiabank.com)**

Are you ready to get started?

Scotiabank Small Business advisors will help you to unlock the potential of your new or existing business.

Drop by any Scotiabank branch, or visit us online at:  
**[scotiabank.com/startup](https://scotiabank.com/startup), [getgrowingforbusiness.com](https://getgrowingforbusiness.com)**  
or **[scotiabank.com/startright](https://scotiabank.com/startright)**