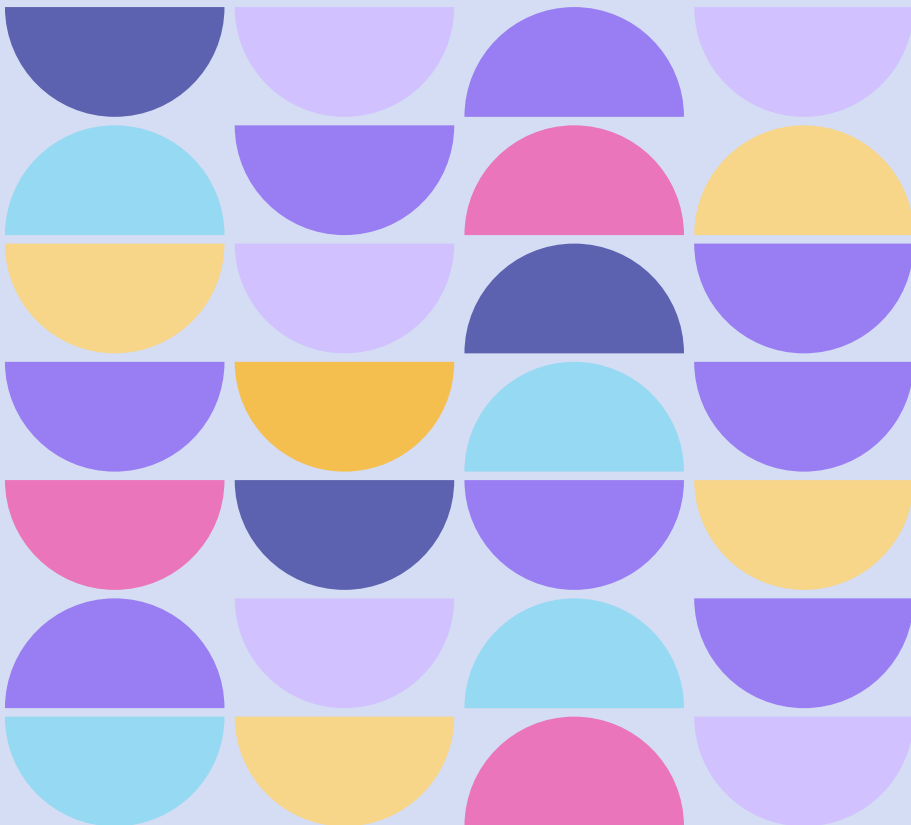


What You Need to Start a Business



Starting a business is exciting—putting your product or service into the world, finally getting to be your own boss, and calling all the shots!

That being said, launching your own business is a big undertaking and one that can feel overwhelming.

As you start taking your business idea from daydream to reality, you'll encounter a lot of questions that need answering: How much money will I need to make this happen? What will my operating expenses look like? How can I get the word out on launch day?

This checklist will help you figure out how to answer all these questions, giving you a sense of how you're doing so far, what else you'll need, and all those often overlooked parts of business planning and the startup process.

1.

Time to invest

Starting your own business takes a lot of time. Before you commit, you should be sure that you'll be able to put in the time required. Setting up your business will require a lot of work and planning, even in advance of actually opening.

If you're currently working a full-time job or dealing with major life obligations, you'll need to think carefully about whether or not you can put in the hours a new business will demand.

If you know you don't have the time to invest, but you're passionate about your business idea, you might [look for a partner](#) or partners to team up with in order to divide the work.

2.

Enough money to get started

From leasing an office or retail space to purchasing materials and developing branding, starting a business comes with costs. Before you commit, you want to be sure that you have enough money to cover these startup costs.

You can get a clearer picture of them by drawing up your business plan and completing thorough research on your target industry. If you know startup costs are going to be an issue, you may want to consider a loan or other methods of [financing your business](#).



3.

Patience and perseverance

Becoming an entrepreneur requires patience and a serious can-do attitude.

Becoming an entrepreneur requires patience and a serious can-do attitude. Just as Rome wasn't built in a day, it'll take a while to get your business off the ground—which means that it may take some time to start making money. This is especially likely if your business involves retail or food service areas, which tend to depend on building a presence in a community to gain loyal customers.

All this is to say that a solid commitment to making your business a reality will be important in seeing you through the research, planning, and development processes. You'll undoubtedly hit speed bumps in your journey to make your business dream come to life. But staying committed, keeping a positive attitude, and planning as much as possible can help make your new business a roaring success.

4.

Thorough research

Research is one of your most powerful tools for preparation when it comes to starting your business. You'll want to look at companies in your sector to see how they're operating and what their customer bases look like.

You'll also want to get an understanding of **business laws and regulations in your province.**

Being aware of what [taxes](#) you'll need to pay (we'll cover this more later) as well as incidental costs you may encounter can prevent you from being blindsided when your business is up and running.

Research extends to other parts of developing a business as well. What kind of [social media presence](#) suits your brand? Will you need to rent an [office space](#) (or retail storefront or restaurant), and if so, where? Knowing all these details in advance will help you calculate startup expenses and more accurately estimate how long it will take to get your business up and running.

5.

Define your business idea

You'll want to define your business idea clearly before you get started. This will be helpful not only for your planning process, but also for any future clients, employees, or freelancers you work with. Understanding what [business structure](#) is right for you can help you define your business goals to collaborators as well as develop an effective operational structure.

There are pros and cons to all business structures, but understanding them (and having a clear idea of your business) should make a choice easier. Once you've chosen your business structure, re-examine your idea to be sure you have a solid understanding of it. You should be able to explain it clearly to someone else.

6.

Create a business plan

This is an often overlooked but crucial step in setting up your small business. A business plan helps you define your goals before you launch and can keep you on track in the hectic days after you've first opened up shop.

What should you include in your business plan? You can get super detailed or choose to keep things simple, depending on the complexity of your business itself and also on your personal preferences when it comes to goal setting. A business plan can help you **develop and work through your ideas** about your business. If you're on the hunt for investors, it will be a key tool in selling your business—it's like a detailed elevator pitch, essentially.

The following section ideas might be useful in fleshing out your business plan:

- Summary of the business concept
- Products and/or services
- Market research and analysis
- Operations planning
- Marketing planning

7.

Testing and market research

While it can take some time, conducting testing and market research is a good idea to ensure your **new business gets off to the best possible start.** What this will look like exactly depends on your business.

For a new doughnut shop, market research might be as simple as looking at what demographics of customers are visiting your other local pastry places and what sweet treats those customers seem to order most often. Understanding your target audience is a good first step. You could then test out a bunch of your favourite doughnut recipes on a small group of local dessert lovers (i.e., a few friends who are already fans of those rival pastry shops) to determine which are the most popular.

Most people know and love doughnuts, but what if you're trying to launch a shop selling a unique cookie-doughnut hybrid you've invented? The potential customer base will likely be smaller. For a very innovative product or more experimental business, you might test interest on social media or research similar projects to see what kind of market they catered to. Knowing if your product or service caters to a niche market can give you a better idea of how to build your business.

8.

Break-even analysis

A break-even analysis is a useful tool in tracking your business's cash flow. It can help determine if you should make major equipment or personnel investments—and, crucially, demonstrate how close you are to breaking even.

In order to calculate a break-even analysis, you'll need to know your gross profit margin, operating expenses, and annual debt service. Some of these might not yet be available while you're planning or first starting your business, but understanding how to calculate a break-even analysis in advance will save you having to play catch-up later on.

9



Financial analysis

A financial analysis is a key part of your business plan and should actually include your break-even analysis, as well as plans for cash flow analysis and what your prospective balance sheet will look like.

In general, your financial analysis should include an overview of how you will finance your business from the planning stage all the way through to when you're operational. How will you fund startup costs, how much will you need to ensure your business can grow, and what can you expect to spend on operation expenses? Your financial analysis should answer all these questions as clearly as possible.

The research you've done in creating your business plan will really come in handy as you work on your financial analysis. This is likely to be one of the hardest elements of getting ready to start your business, but it'll pay off big when it comes to helping your business grow smoothly.

10.

Thorough research

Startup costs aside, every business will have ongoing expenses, such as paying vendors for goods and employees for their work. Reviewing and estimating all of these costs in advance will give you a sense of how to plan for the long term. Operational costs will vary greatly depending on how your business is structured and what industry it operates in.

When estimating future costs, you should also include some surplus in your budget, as you might not be able to anticipate changing costs, such as a vendor raising their prices or the need to hire additional employees in an unexpectedly busy season. However, a solid business plan should ideally account for the rising costs that may come as your business grows, so you'll have a general idea of what to expect over the first year or so of operation.



Have an exit strategy ready

Tough as it is to accept, starting a business comes with the possibility of failure. You might realize entrepreneurship is not for you or simply find that your business isn't gaining traction. You may have an unresolvable difference with a partner or investor. Creating an exit strategy in advance will give you peace of mind while your business is up and running, and it'll also prove to be a valuable resource should you need to close your business.

Being fully informed and clear on things such as the terms of your lease and all contracts you hold are good first steps towards a solid exit strategy. If you are forming a partnership, the contracts you draw up should include details on the partnership's potential dissolution and some form of a plan for what that will mean for all signees.

If your business involves intellectual property (like the secret recipe for your delicious cookie-doughnuts), have an idea in advance of what you'd like to happen to said property should the business ever be dissolved.

12.

Legal business structure

It's important to be aware of the structure of your business before you launch. Your business structure will impact how you pay taxes and register your business and what kind of liability you have for your business.

Your small business will most likely fall under one of the following business structures:

- Sole proprietorship
- Partnership
- Corporation

Sole Proprietorship

Your business will be a sole proprietorship if you're the only person who owns it and it's unincorporated. If this is the type of business you're running, it means you'll be the only person receiving all the profits and taking all the risks of business as well. You'll pay personal income tax on the profits for your business. You can choose to register a name for your business, or you can simply use your own name to operate.

Partnership

If you're going into business with another person or a few other people, and your business isn't incorporated, then it'll be considered a partnership. This can also apply to businesses that are run by two separate corporations that join together for a new endeavour.

While a partnership can be formed just by a verbal agreement, it's a good idea to draw up a written contract outlining the terms of your partnership with your business partner(s) before you get started. This contract should outline how you will share in the profits or losses of the business, what happens if one partner wants to leave the business, and so on. When tax season comes around, each partner will need to declare their share of the business income on their own tax return.

Corporation

A corporation is, simply put, a business that has been incorporated. Incorporating your business in Canada means going through several steps, including registering your business federally, designating a board of directors, and paying a fee. There are a few categories of a corporation for Canadian tax purposes, with different types receiving different tax rates and deductions.

If your small business is incorporated, it's important to define which type of corporation it is to ensure you file taxes correctly. Unlike with sole proprietorships and partnerships, you will need to separately file taxes for your business if it's a corporation.

Incorporating your business will make closing it more difficult, and it also comes with a fee, so if you're not certain about the longevity of your business, it may be a decision you want to wait on.

If you're not sure which business structure is right for you, Ownr can help you choose as well as get set up.

13.

Branding your business

Branding will help your future clients and customers recognize and remember your business. A logo and well-chosen name can go a long way. You can get started with branding your business by choosing brand colours, a tagline or short description, and perhaps also general style guidelines for your brand's tone and voice in written communications to customers.

Setting up a website can go a long way towards establishing your business as a recognizable brand. A website can help direct clients and customers to your contact info, hours, and further information about your business, such as a mission statement, customer reviews, and so on.

The imagery and design you choose for your website will also help convey important information about your business to potential customers. You can hire the best chef in town for your upscale restaurant, but a poorly-designed, cheesy website might drive away visitors when they look for you on Google.

Finally, you should definitely consider setting up social media accounts for your business, not only to advertise what you're selling but also as a way to interact with clients and customers. Depending on your sector, some social media platforms may offer more traction than others.

14.

Required licenses and permits

As part of your initial research, you'll want to determine what permits or licenses your business will require. Knowing these well in advance is a good idea since the process of applying could be slow. For example, your hot new resto-bar will, of course, require a liquor license to sell alcohol. You'll want to know how much this will cost and the **specific rules that apply in your province** so that your grand opening goes smoothly.

Along with these, you (and your employees, too) may need licenses or certifications, such as a food handler's license, or a Smart Serve (or its equivalent). Some forms of businesses may have more required permits or standards of compliance to meet. For example, in many cities, food trucks can only operate in certain areas and require a special vehicle permit.

15.

Set up shop

Whether your business will be online-only or in a brick-and-mortar building, setting up a shop is an important (and exciting) later step in the process of starting a business. You'll want to make sure that your branding is consistent, that you deploy your logo or chosen colours where appropriate, and that you create an inviting space.

Setting up shop could mean hiring employees and acquiring inventory, or it might be simply getting your website up and running. Either way, you'll want to take care and pay attention to detail in this step, because first impressions of your business are important.



16.

Time to launch and start marketing

Finally, launch day is here! Whether you're going for a fancy ribbon-cutting with the whole neighbourhood in attendance or a casual opening where you simply throw open the doors and wait for customers to come on by, this is the day you've been waiting for.

Before the actual launch date, you'll likely want to do some kind of marketing to get a buzz going about your business. For a new restaurant, you might put up posters in the area offering a special discount for first customers. You could also try putting ads in local media like the daily newspaper or radio and TV channels if you've got room for it in the budget.

If your business operates only online, setting up social media accounts is a good way to draw interest as you're opening up. You might even want to invest in promoted posts or ads on your social platform of choice to get even more eyes on your new business.

Ready to launch your business?

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