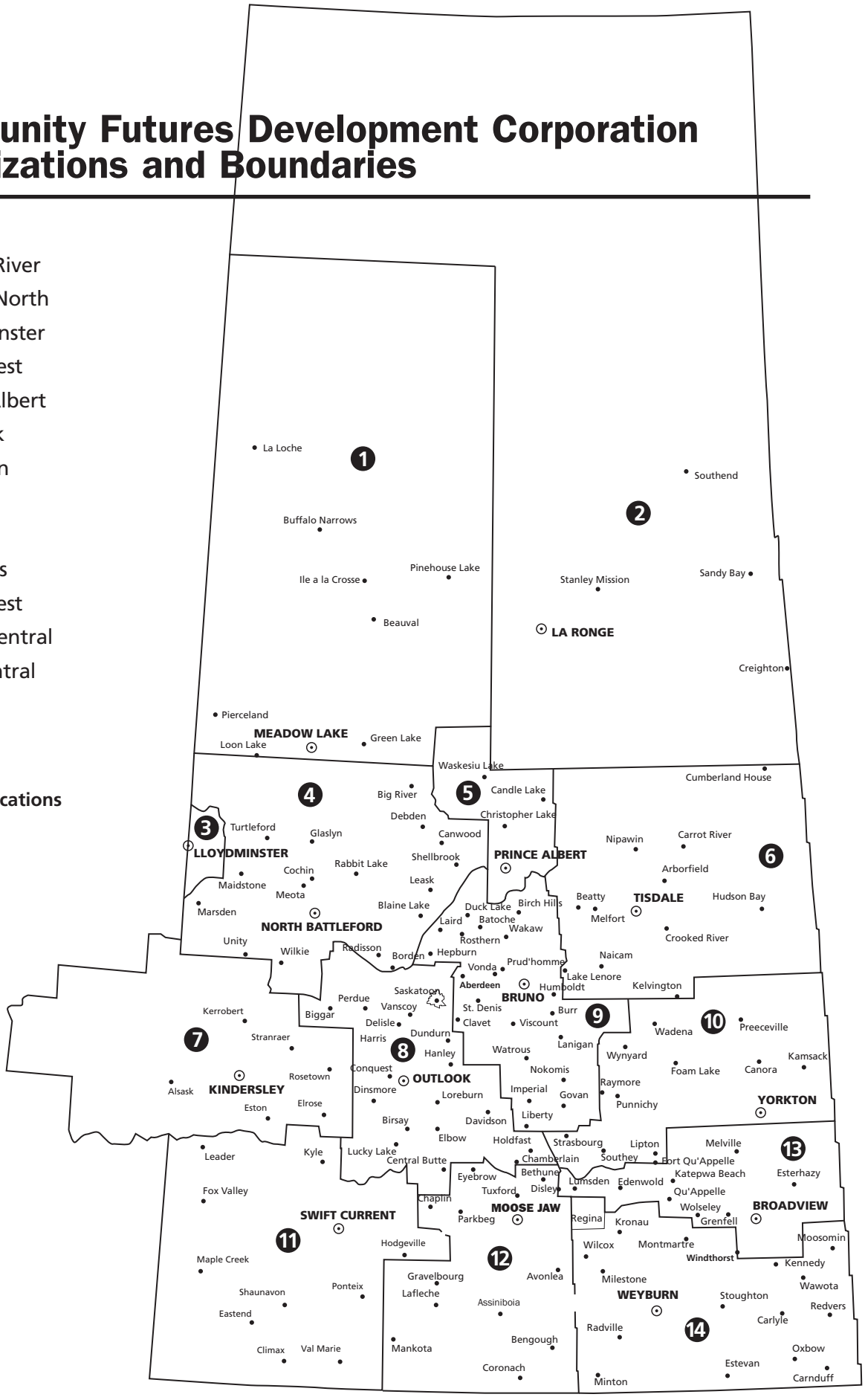
Community Futures Development Corporation Organizations and Boundaries

1. Beaver River
2. Visions North
3. Lloydminster
4. Northwest
5. Prince Albert
6. Newsask
7. Meridian
8. Midsask
9. Sagehill
10. Ventures
11. Southwest
12. South Central
13. East Central
14. Sunrise

⊙ **Office Locations**



Preface

Today, more than ever, people are choosing to own their own business; choosing to make their own path. Today, the face of entrepreneurship is as diverse as the businesses in our community. Today, the face of business is you.

This Guide has FIVE PARTS each of which corresponds to the various stages involved in launching an enterprise or starting a business. STEPS 1 & 2 in the SELF ASSESSMENT GUIDE will help you establish alternative methods of planning your project. It will also help maximize your entrepreneurial potential while offering assistance in identifying, creating and even operating a viable, profitable enterprise or help you in choosing your field of self-employment.

This Guide will help you focus your thoughts and actions and help you understand the various aspects of entrepreneurship. You should complete the ENTREPRENEURIAL Potential Assessment Test located at the back of the guide. This test is designed to help you evaluate your aptitude for business and is based on a number of characteristics generally observed in entrepreneurs.

As you begin to explore your entrepreneurial potential we encourage you to seek small business specialists who will help you map your journey; help you overcome obstacles; and help you to move forward. These individuals are professionals who have, over time, developed extensive networks and a range of business knowledge that will be sure to help you with your entrepreneurial journey. We've provided a handy reference, on the page opposite, that will help you locate a small business specialist close to you.

N.B. Any reference to gender in this document is to be construed as either female or male.

Table of Contents

Community Futures Offices, within Saskatchewan 1
Glossary 3

Step 1

Part A - Assessment of Entrepreneurial Potential 11
Part B - Assessment of Business Idea / Project 29

Step 2

How to Start a Business 51

Step 3

My Business Plan 72

Step 4

Financing 73

Step 5

Start Your Business 75
Bibliography 76
Entrepreneurial Potential Assessment Plan 77

Glossary

Account – A statement of business transactions that tracks a company's assets, liabilities, and net worth.

Accountant – A professional who manages and analyzes business records.

Accounts Payable – A company liability that represents amounts due for goods or services purchased on credit.

Accounts Receivable – Money due in to a business from clients and customers; outstanding invoices.

Accrual – A method of accounting that involves recording revenues and expenses when they occur, rather than when they are actually received.

Advertising – Paid promotion of a business, usually in the form of telemarketing, fliers and posters, newspaper, radio, or TV advertisements.

Angel – A private investor who often has non-monetary motives for investing as well as the usual financial ones.

Assets – Tangible or intangible objects of value to its owner.

Audit – A formal study of accounts conducted by the Canada Customs and Revenue Agency to determine whether or not the taxpayer being investigated is paying appropriate taxes.

Balance – The value, negative or positive, of an account.

Balance Sheets – Paints a picture of the business's financial strength in terms of assets, liabilities, and equity over a set period.

Bankrupt – The condition of a business that is unable to pay its bills. A business declared legally bankrupt may have its property confiscated by the courts and divided up among its creditors.

Bookkeeping – The procedure of keeping accounting records of a business's daily accounts.

Break-Even Point – The point at which expenses are equal to income. Beyond this point a company realizes a profit.

Broker – An insurance agent who represents many different insurance companies.

Browser – Software used to "surf" or browse the Internet.

Budget – A statement of expected income and expenses over a given period of time.

Business Opportunity – Legal definitions vary; in its simplest terms, a business opportunity is a packaged business investment that allows the buyer to begin the business.

Business Plan – A detailed list of goals set by the entrepreneur, describing the means and time frame by which to achieve them.

Capital – Money and assets available for business activities.

Cash Flow – The amount of cash earned by, or available to, a business for investment, expenses, or expansion.

Compound Interest – The money an investor earns on interest that was earned by the investment in a previous period, enabling the investment to grow exponentially.

Consumer – A person or business that buys goods and services for its own needs, not for resale or for use in producing goods and services for resale.

Contract – A legal agreement between two or more parties specifying each party's responsibilities to meet determined business obligations.

Corporation – A business structure organized under state law and generally treated as a separate tax entity.

Copyright – An exclusive right granted by the federal government to the processor to publish and sell literary, musical, and other artistic materials. Honored for 50 years after the death of the author.

Cost – An expense; the amount of money, time, or energy spent on something.

Credit – The right side entry in a double – entry accounting system.

Credit Card – An account that allows carrying a debt indefinitely, as long as interest is paid to the account holder.

Creditor – A person who extends credit or to whom money is owed.

Customer Service – The maintenance and servicing of a product once it has been sold; the act of keeping customers happy and loyal to one's business.

Database – Information (data), such as customer addresses, stored in a computer.

Debit – The left side entries in a double – entry accounting system.

Debt – Money owed to creditors.

Debt Capital – Funds or assets acquired by borrowing.

Debt Ratio – the ratio of debts to assets.

Deficit – When expenses are greater than income: the opposite of surplus.

Demand – The desire for a commodity, together with the ability to pay for it; the amount consumers are ready and able to buy at all the prices in the market.

Demographics – Aspects such as the age sex, income, and household composition of a particular target market.

Depreciation – A loss of value due to use or age of a company 's material assets.

Dilution – The reduction of a stockholder's percentage of ownership in an enterprise, usually done by selling more common stock to other parties. Sometimes called watering the stock.

Diversification – A method of decreasing risk by spreading an investor's money among many different investments.

Electronic Storefront – A website set up as a store where consumers can see and purchase merchandise.

E-mail – short for electronic mail or messages sent between computers using the Internet.

Employee – A person hired by a business to work for wages or salary.

Employment Insurance – A government administered plan which can compensate for loss of income due to lack or loss of work.

Encryption – Code used to scramble information sent over the Internet.

Endorsement – Signature on the back of a cheque, rendering it payable.

Entrepreneur – Derived from the French entreprendre, "to undertake". Someone who is willing and eager to create a new venture in order to present a concept to the marketplace.

Equity – Total assets minus total liabilities equals equity or net worth.

Expenses – Money spent for goods or services.

Financial Plan – An estimate of a company's future income and expenses, broken down weekly, monthly, or yearly.

Fiscal Period – An accounting period, usually consisting of 12 months, and most commonly used for tax purposes.

Fixed Costs – Business expenses that must be paid whether or not any sales are being generated; utilities, salaries, advertising, insurance, interest and rent. (USAIIR)

Flame – An angry e-mail sent in response to "Spam", which is unsolicited e-mail hawking a product or service.

Gross – Total or entire amount before deductions, as opposed to net.

Incentive – Something that motivates a person to take action; to work or start a business, for example.

Income – Money received for goods or services produced or as a return on investment.

Income Statement – A formal financial document that serves as a summary of income and expenses and indicates profit or loss during a specified period of time.

Income Tax – A tax imposed by the government, usually calculated as a percentage of income.

Infringe – to violate a copyright, trademark, or patent.

Insolvent – the condition of a business that is unable to pay its bills.

Interest – Payment for using someone's money, expressed as a percentage per unit of time.

Inventory – The assets produced by a manufacturing business or the assets bought and sold for profit by a wholesaling or retailing business.

Invoice – A legal, itemized statement of goods and services sold (sales invoice) and purchased (purchase invoice).

Keystone – To buy an item wholesale and sell it for twice the wholesale price; to double one's money.

Liability – An obligation to another party.

Lien – An interest of a creditor in any real assets or property as security for repayment of credit; a legal claim against property.

Limited Liability Company (LLC) – A hybrid business structure that combines tax advantages of partnership with liability protection of a corporation.

Line of Credit – Short term financing usually granted by a bank up to a predetermined limit; debtor borrows as needed up to the limit of credit without need to renegotiate the loan.

Liquidate – The conversion of assets to cash.

Loan – Money that a lender gives to a person or company for the purpose of making income. Usually a loan carries a cost which is expressed as an interest rate.

Loss – A financial deficit. The result of income minus expenses; if negative, it is a loss.

Market – A set of consumers. A group of people interested in buying a product or service; any situation or designated location where trades occur.

Marketing – The activities involved in finding, accessing, and informing a market of a business in order to sell a product or service.

Merchandise – A Company's inventory of products.

Minimum Wage - A legally specified minimum rate of pay for labour in specific occupations.

Net – final result; in business, the profit or loss remaining after all costs have been subtracted.

Networking – Interacting with other people and organizations for the purpose of making contacts and developing business opportunities.

Net Worth – The value of a business after all expenses have been deducted.

Newsgroup – an on-line discussion group focused on a specific subject.

Niche – A small market segment, often isolated from competition by degree of specialization or size.

Operating Costs – Costs created by the production of business products or services.

Overhead – The fixed costs of operating a business. They often include rent and lease payments.

Partnership – Business association of two or more people. There are two types of partnerships: general and limited.

Patent – Federal government grant to an inventor giving exclusive rights to an invention or process for 20 years from date of patent application filing.

Profit – The financial gain realized by doing business. The result of income minus expenses; if positive, it is a profit.

Profit Margin – The sale price minus the total costs.

Retail – The selling of goods or services to the end user.

Revenue – Money earned by a business from sales of products or services.

Risk – The chance of loss.

Sole Proprietorship – A business firm owned by only one person and operated for his or her profit.

Start-up Capital – Money needed to launch a new venture during the pre-start-up and initial period of operation.

Supply – the amount of a product or service made available by sellers.

Tax – A percentage of a business's gross profit or of an individual's income, taken by the government to support public services.

Tax Evasion – Deliberate avoidance of the obligation to pay taxes; may lead to penalty or even jail.

Tax-Exempt – The condition of an entity that is allowed to produce income sheltered from taxation.

Test the Market – To offer a product or service to a very limited, yet representative, segment of consumers in order to receive customer feedback and improve the product or service as necessary, before attempting to sell it in a larger market.

Venture Capitalist – An investor who provides early financing to new ventures; often technology based with an innovative product and the prospect of rapid or profitable growth.

Workers' Compensation Insurance – Covers medical and rehabilitation costs and lost wages for employees injured at work; required by law.

Working Capital – The amount of funds available to pay short term expenses. Seen as a cushion to meet unexpected or out-of-the-ordinary expenses. It is determined by subtracting current liabilities from current assets.

Step 1

Part A

Entrepreneurship: A Lifestyle Choice

Society is currently experiencing major changes. New rules are governing the labour market everywhere in the world. In Canada, the number of jobs is decreasing, whereas the number of workers is steadily rising. Today, more than 90% of all Canadian businesses are small businesses. They are the main source of job creation and are considered a vital component of the economy. Individuals just like you are also feeling the call; they, like you, want to contribute in their own way to the economic development of their community by creating businesses and jobs that are a reflection of who they are. Our **individual values and culture are, and must remain, part of Canada's fundamental resources.**

Entrepreneurship: an enriching experience

Millions have done it . . . millions are dreaming of doing it! Why not become your own boss? Individuals are increasingly choosing to go into business, start their own company, work for themselves and create their own job as an **alternative means of taking the future into their own hands**. Many see being their own boss as an excellent opportunity to challenge themselves, to fulfil themselves, to empower themselves, to achieve certain social status, to make a name for themselves and to make money!

But choosing one of these options requires that you have the makings of an entrepreneur or of a self-employed worker so that **you are not wasting your efforts**. You must enjoy a kind of lifestyle that is a far cry from the typical 9-to-5, a lifestyle that can be exciting but also quite exhausting!

Boundless enthusiasm and creativity, a realistic, up-to-date business plan and a good measure of self-confidence are the driving forces behind an entrepreneur and self-employed worker. Decisions that may have many repercussions must often be made alone and quickly, and certain risks must be taken though they may lead to insecurity and stress. Entrepreneurs and self-employed workers may work 50, 60, even 80 hours a week, and at the same time keep their eyes and minds open, keep their sense of humour and especially their smile, in order to charm clients and keep them coming back while maintaining their personal relationships.

Entrepreneurs and self-employed workers have much to learn. **They learn by doing**, and they need to learn to negotiate with experienced suppliers, with bargain hunters and other types of demanding clients. They must constantly be working to update and broaden their knowledge: knowledge of themselves; knowledge of the business world and how it operates; knowledge of their sector of economic activity and the various aspects of management.

In any entrepreneurial adventure, a calm and positive attitude is the order of the day. Entrepreneurs and self-employed workers face many challenges. Some of those

challenges are out of their control while others are of a more personal nature: pride, naivety, lack of knowledge or information, and impulsiveness can all contribute to failure.

On the other hand, there is nothing better than going into business

- to savour the satisfaction of being your own boss, or finally being in CONTROL of your destiny;
- to give FREE REIGN to and MAXIMIZE your enthusiasm, intelligence, creativity, intuition and talent;
- to enjoy many freedoms: the freedom to be and to do, to achieve realistic dreams; to try, even to make mistakes from which so much may be learned.
- to INCREASE YOUR SELF-CONFIDENCE and self-esteem;
- to ENTERTAIN A PASSION;
- to EXPAND your knowledge daily and make discoveries along the way;
- to IMPROVE YOUR QUALITY OF LIFE;
- to ENSURE YOUR FUTURE and that of your family
- to CONTRIBUTE to the greater welfare of your clients, your community, society and the world.

Entrepreneurship not only makes it possible for some individuals to discover who they really are, but it also exposes them to a multitude of opportunities spawning ideas that will contribute to our collective future!

But these opportunities depend first and foremost on who you are. Entrepreneurship is something that you feel in your heart: it is a passion, the thrill of initiating, learning and coming out ahead! It is certainly an interesting option to explore if this lifestyle appeals to you.

Evaluating Your Entrepreneurial Skills

Before going any further, would you like to know if you're better suited as an entrepreneur or as a self-employed worker? To find out, complete the "Entrepreneurial Potential Assessment Test" located at the back of this guide. After completing the Test, take the opportunity to speak about the results with your small business specialist.

A Multitude of Roles

To ensure their success, all businesses, big or small, perform numerous tasks. Because of limited financial and human resources, it is often the owner of a small business or a self-employed worker who is in charge of both managing and carrying out all business activities. At one point, the owner will be acting as the director of finance, and later, accountant or bookkeeper. At another time, the role will be one of director of sales and marketing and then, salesperson and buyer. Many different personalities are required for the job!

The Tasks and Activities of a Business

An entrepreneur requires numerous skills (alone or in combination with those of one or more members of the team). These skills must be developed and used optimally in order to ensure the sound management and success of a business.

The Business Tasks and Activities questionnaire located at the back of this guide will help you evaluate your skills in managing the tasks and activities involved in running a business.

The Entrepreneur and The Self-Employed Worker

Self-employment versus Entrepreneurship

In an article published in February 1996 in Revue Affaires Plus, Marie Quinty discusses the results of a survey conducted by the Centre d'entrepreneuriat et de PME of the Université Laval. The following is a free translation of an excerpt from her article:

"Survey results reveal that the profile of a self-employed worker falls somewhere between that of an entrepreneur and that of the general public. The need for independence is the predominant characteristic of a self-employed worker and is more pronounced than for an entrepreneur. More than for the average person, but less than for an entrepreneur, a self-employed worker feels the need for power and accomplishment.

Self-confidence, energy, perseverance and a high tolerance of stress are typical of a self-employed worker. But action and innovation are not driving forces, whereas an entrepreneur thrives on them. Similarly, competition does not motivate a self-employed worker, who has a tendency to avoid it rather than confront it.

A self-employed worker is open to change and information and has good decision-making skills. But this lonely soldier is not looking to expand his/her business network and circle of friends as the entrepreneur is.

A self-employed worker is also not as quick to act on business opportunities. The difference between an entrepreneur and a worker is that the first is ready to sacrifice everything for the business, whereas the latter favours quality of life."

Do You Have a Head for Business?

Do you want to start a business? Do you want to succeed? First, you must make sure that owning your own business is for you. Your success in business depends a lot on your personality, your attitude, your behaviour, your training and expertise, your preparation, and the means that you will use to start,

direct and manage your business. You increase your chances of success if you choose a field or sector of activity in which you are comfortable, and where the market is not saturated.

Characteristics of Successful Entrepreneurs

Numerous studies on the entrepreneurial profile carried out in Canada and the United States show that successful entrepreneurs share certain characteristics to varying degrees. The list below identifies the main aptitudes, attitudes and behaviours that make it possible for the business dreams of certain people to come true.

Successful Entrepreneurs Demonstrate:

- a great deal of INDEPENDENCE and SELF-DISCIPLINE;
- a good measure of SELF-CONFIDENCE;
- an above-average aptitude for DECISION MAKING and PROBLEM SOLVING;
- a propensity for RISK TAKING;
- FLEXIBILITY and ORGANIZATIONAL SKILLS;
- a great deal of PERSEVERANCE, unflagging TENACITY;
- a great CAPACITY FOR WORK and boundless ENERGY;
- a great deal of SELF-CONTROL and TOLERANCE;
- OPTIMISM and ENTHUSIASM;
- LEADERSHIP skills and a DYNAMIC personality;
- a capacity for COMMUNICATION, PUBLIC RELATIONS and SALES;
- OPEN-MINDEDNESS and FREE SPIRITEDNESS.

Entrepreneurial Knowledge

The same studies also reveal that successful entrepreneurs are generalists. They have a general idea of everything around them. They have certain knowledge that they update continuously, such as:

- knowledge of THEMSELVES;
- knowledge of their SECTOR OF ACTIVITY;
- knowledge of their MARKET (target clientele and competition);
- knowledge of COMMON BUSINESS PRACTICES and of their entrepreneurial skills;
- knowledge of MANAGEMENT PRACTICES (management with respect to financial and human resources, marketing, operations, inventories, etc.);
- GENERAL knowledge (which makes a person informed and interesting).rue.

Inventory and Personal Plan of Action

Most experts agree that all these characteristics and this knowledge may increase or be improved in different ways.

For example, entrepreneurs may call on specialists (accountants, human resources consultants, marketing consultants, etc.) for assistance. They may team up with individuals whose skills complement their own, and hire employees in order to compensate for their own weaknesses. They must, however, be able to discuss and evaluate the work of others.

At the back of this guide there is a more detailed description of the entrepreneurial characteristics and knowledge that will help you assess your situation. Complete the checklist entitled “Inventory and Personal Plan of Action”.

This checklist will help you realistically evaluate where you stand in terms of the characteristics demonstrated by successful entrepreneurs. It is also intended to assist you in preparing a personal plan of action that you will follow if you decide to become an entrepreneur. The aim of this plan is to maintain and maximize your strengths, while minimizing or mitigating your entrepreneurial weaknesses.

Reasons for Starting a Business

Identify and prioritize your main reasons for starting a business; begin with the most important (1) and end with the least important (18).

___ I want to be my own boss

___ I want to fulfil myself, to surpass myself

___ I want to take care of my future, to earn a living, to make money

___ I want to realize a dream

___ I want to be challenged

___ I want to succeed, to win, to be recognized

___ I need to have responsibilities and want to reap the benefits of the results

___ I need to assert myself, to overcome obstacles

___ I have ambition, I want power

___ I want independence of mind

___ I want to be on top of what I do

___ I want to be personally fulfilled

___ I want to accomplish, to build something lasting

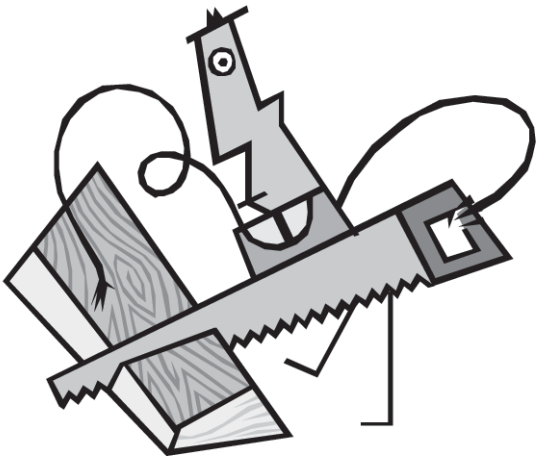
___ I want to be happy by being unselfish

___ I want to create my own job

___ I have a social mission (creating jobs, providing assistance - making the world a better place for...)

___ The business was inherited or is for sale

___ I have no other possibilities of employment or promotion, difficult working conditions, a boring job and/or frustration resulting from working for others



Interview with an Experienced Entrepreneur or Self-Employed Worker

We all have a lot to learn and over time, experience has proven to be the best teacher. At the back of this guide there is an "Entrepreneur/Self-employed Worker Interview Sheet". Make the time to meet with an experienced entrepreneur or self-employed worker, depending on the option that appeals to you more. The interview will probably take about one hour. The primary purpose of this meeting is for you to gain a better understanding from this individual's knowledge and several years of experience.

You don't have to know this person. Why not use this opportunity to contact someone you admire, who is a role model for you, and get to know more about someone interesting? By being polite, you will find that it is easy enough to set up a meeting. Many entrepreneurs and self-employed workers like to talk about their experience and their interests! It is up to you to take advantage of the situation!

The Consequences of Going Into Business

Positive Consequences or possible advantages

- Improvement in standard of living, possibility of making money
- Ability to overcome difficulties: chance for success, fame and/or an excellent reputation
- Higher-than-average quality of life
- The satisfaction of doing what you like, strengthening family ties; possibility of ensuring the future of your children and/or ensuring them certain earnings
- The pleasure of mixing with business people and other interesting individuals; the satisfaction of contributing to the greater welfare of your community

- The power to delegate certain responsibilities and tasks to others; the pleasure of working as a team
- Contentment, tolerance, self-actualization and stimulation
- The chance to fulfil yourself, to be happy, to find balance, to take advantage of your life
- More time and money to take care of your health and protect yourself

Negative Consequences or Possible Disadvantages

- Financial difficulties and greater financial risk
- Inability to overcome difficulties: risk of failure, risk of getting and keeping a bad reputation
- Many hours of work; little or no vacation, leisure time or fringe benefits
- Difficulties juggling professional life and personal life; potential family problems
- Loneliness, isolation (often the feeling of being alone)
- Heavy responsibilities
- Frustration, impatience, low self-esteem, discouragement
- Psychological risks (anxiety, depression, aggression leading to workaholism, alcohol and drug abuse, burn-out, etc.)
- Health risks (stomach ache, headache, backache, insomnia leading to extreme fatigue, etc.)

Keys of Succeeding in Business

Our past collective entrepreneurial experiences have made it possible to identify ten key elements that are likely to facilitate the start-up of a business, maintain its growth and contribute to an entrepreneur's success.

The 10 keys to succeeding in business are:

1. Knowledge of Oneself

Entrepreneurs are the foundation of a business; therefore, they must know themselves intimately in order to better endure the many demands involved in building a business. Their determination to maximize their strengths and reduce their weaknesses is essential.

2. Entrepreneurial Characteristics

Alone or as a team, entrepreneurs must possess, use and maximize most of the entrepreneurial characteristics listed earlier, and must do so to a degree that is compatible with their responsibilities and according to the size of their business.

3. Management Skills

The majority of business bankruptcies can be traced back to poor management (e.g. poor management of finances, inventories, production, marketing or human resources). This is why it is extremely important for an entrepreneur to acquire management skills and master them.

4. Expertise and Knowledge of the Sector of Activity

Ideally, entrepreneurs should undertake a business venture in a field that fascinates them, with which they are already familiar and have experience, or at the very least, in which they have a great deal of interest.

With tenacity and enthusiasm, they must be constantly broadening their knowledge and experience in order to become, and be recognized as, experts: the best, or, at the very least, among the best in their field.

5. Knowledge of the Markets

Identifying and knowing the profiles of clients and the competition as well as trends indicating good growth potential in the sector of activity are essential for the effective marketing of products and services.

6. Start-up Capital

Depending on the sector of activity and the size of the business you want to start, entrepreneurs must have a certain amount of start-up capital, even surplus liquidity (a financial safety net), that will allow them to deal with unforeseen events comfortably.

Insufficient equity (personal and/or third party) and undercapitalization can make a business vulnerable and may endanger its survival.

7. Business Plan

An entrepreneur that prepares a good, realistic business plan and charts their business project in detail increases the success rate and proportionally decreases the risk of failure. This effort forces entrepreneurs to take stock of their situation and anticipate alternative solutions in the event of problems. As your business changes you must update the plan according to those circumstances.

8. Choosing Partners, Associates and a Mentor

An informed choice when choosing partners, associates and/or mentors is one of the keys to succeeding in business.

Partners and employees are chosen on the basis of the needs of the business and the strengths and weaknesses of the entrepreneur; they are not chosen on the basis of love, friendship or any other emotion regarding another individual. Informed entrepreneurs also seek to surround themselves with good advisors, including a mentor.

9. Location

Businesses must be located in the right place for them to succeed. Experienced entrepreneurs will tell you that there are three keys to success: Location, Location, Location. While location alone won't ensure success an inappropriate location can ensure failure.

10. The Right Time to Start the Business

This is another crucial decision: the right business, in the right location, in the right point of the life cycle of your product or service, started at the right time of the year will help ensure your success.

Food for Thought

The upheaval in the job market has left a big opening for self-employed workers. But watch out! **Self-employment is a lifestyle that doesn't agree with everyone**.

The 5 conditions for success are:[1]

1. Organizational Skills and a Great Deal of Work

It takes more than enthusiasm and self-confidence to make self-employment a success. Most of all, adaptability and flexibility are needed. Don't go into this blindly: know what lies ahead. Are you ready to work 60 to 70 hours a week for a year, for a small salary?

Self-employed workers often mismanage their time because they aren't organized. Promoting their services and products is truly the Achilles' heel of self-employed workers. Nine out of ten experience problems with sales. Most self-employed workers have previously been employees. The disadvantage of this experience is that they still have employee reflexes. They are used to a hierarchical structure where they may be at the bottom rung of the ladder. They find it difficult to see themselves as equals with their clients.

2. Get the Right Training

What self-employed workers need the most are concrete, practical, intensive courses, most often in accounting, bookkeeping, market studies and sales. This doesn't mean that they need to become accountants or marketing experts, but they do need to know the basics. One thing is certain: simply mastering their area of expertise is not enough. The most brilliant computer specialists or creative graphic artists will fail if they neglect the administrative or promotional aspects of their business.

3. Find Your Niche

Self-employed workers may carve out a place for themselves in almost any field. To outsmart the competition and not get swallowed up in the clutter of certain sectors,

self-employed workers need to find an untapped niche, a different way of presenting their products and services. Now more than ever is the time to use imagination and skills in an original way.

4. Have Enough Insurance

Comprehensive insurance, business insurance and disability insurance are required. Speak to your broker to make certain that you have all of the appropriate insurance policies in place to protect you, your family, your customer and your business.

5. Get Paid

Unless you are dealing with a reputable institution or someone that you have known for a long time, make sure to check your client's reputation and credit rating. If you are extending credit make sure that the customer signs the invoice and then make sure you keep all supporting documents. Another way of protecting yourself, to a certain extent, is to ask for a deposit at the beginning of a contract, a second deposit midway through the contract with the balance payable at the completion of the contract.

The 7 Habits of Highly Effective People[2]

1. **BE PROACTIVE**. Decide what you want out of life and get it!
2. **BEGIN WITH THE END IN MIND.** Keep in mind how you want people to remember you at your funeral.
3. **PUT FIRST THINGS FIRST.** Spend your time on what is important, even if it is not what is demanding your immediate attention.
4. **THINK WIN-WIN.** Be generous. Find solutions that will benefit all parties.
5. **SEEK FIRST TO UNDERSTAND, THEN TO BE UNDERSTOOD.** Don't just charge into a conversation. Listen until you have understood what the other person is saying.
6. **SYNERGIZE.** Cooperate with others. Respect their differences.
7. **SHARPEN THE SAW.** Systematically renew the four areas of your life: physical, social/emotional, mental and spiritual.

The Winners [3]

In business, as in sports, career and even in love, only winners are prepared to take the risk of losing.

What makes winners? They never take no for an answer. They are tenacious in the face of all obstacles. . . . They train their mind to remember happy moments by focusing on a single goal: victory.

It is more important to see where we are going than where we have been.

"**SURROUND YOURSELF WITH SPECIALISTS**, because nobody can do everything, know everything and even less so, succeed at everything. When entrepreneurs know and accept this, they increase their chances for success tenfold."[4]

Mental Trio for Success [5]

1. **A VISION OF THE FUTURE.** A clear vision of the future is necessary to keep the dream alive until it is achieved.

2. **A WINNING ATTITUDE.** Whether you win or lose fundamentally depends on your attitude.

3. **PERSONAL DISCIPLINE.** There is no shortage of great ideas, but rather people to execute them. The same applies to the desire to succeed. At first, it may seem easy to want to succeed, but what counts is your ability to persevere in the face of daily demands. This is where self-discipline comes into play. Without self-discipline, we cannot broaden our knowledge, make sacrifices, exercise control over our lives, or get to the tasks that are less appealing but that are necessary for success.

Interesting thoughts and advice:

"When we decide to take our lives into our own hands, our job is easier if we know ourselves well.

It is also easier to know what we want and where we want to go when we know ourselves well. And

this applies to all fields . . . Knowing ourselves, having clear, well-defined, specific goals and objectives, the determination to forge ahead despite all obstacles, combined with a desire to contribute to our own development, are critical to making the journey from motivation to self-motivation." [6]

The Key to Success

"A Commitment to Oneself: An Investment with a High Return" [7]

Everyone wants to go to heaven, but nobody wants to die, so the song goes. We often want to have all the advantages of a situation but none of the disadvantages . . . Being committed means investing yourself, keeping your word and taking concrete action. We only stand to gain because all positive actions tend to produce movement in a positive direction. Commitment goes beyond fate: we no longer wait fearfully for our destiny to unfold. We shape it ourselves.

"Go for The Brass Ring

Work is not an end in itself, but a means to achieving a goal. Decide what the goal is as early as possible, and then don't give up until you achieve it.

Take One Step at a Time

Don't expect to reach the top in a single leap: try to improve your performance 1% at a time."[8]

The Real Tragedy is Not to Have Have Any Dreams, to Simply Let Life Pass Us By ...

We have to think big, even for the small things!

What Are We Waiting For? ... To Be Happy?

Organizational consultants are increasingly daring to speak words such as **happiness, meaning of life, mental balance**.

KAROCHI. This phenomenon is so real that the Japanese felt the need to create a word to express the brutal death resulting from overwork. Karochi is the second leading cause of death in Japan. . .

According to Canadian insurance companies, claims for mental and nervous disabilities increased by 31% from 1992 to 1994, compared with 1.6% for all disability claims. Why this destructive workaholism? To avoid fundamental existentialist questions, maintains Thierry Pauchant and the team that he brought together to write La quête du sens (the search for meaning).

"CURB YOUR TRAVELLING!

CONTROL YOUR IMPULSIVENESS!

CHANNEL YOUR ENERGY!" [11]

"I DON'T LISTEN TO BAD ADVICE. I use my own judgment to assess a situation. If my instincts tell me not to go down that road, I turn around."[12]

"Generally in life, and specifically in business, we rarely dare to let go of what we know to venture into the unknown. But then **HOW DO WE EVOLVE, LEARN TO ACT DIFFERENTLY AND LET GO OF OUR OLD WAYS OF SEEING AND DOING THINGS?** We now hear a lot about change, but in fact, very few people are changing."[13]

"There are those who invest in a business in the hopes of obtaining a good return. And then **THERE ARE THOSE WHO LIVE FOR THEIR BUSINESS INSTEAD OF LIVING OFF IT.**"[14]

"**FIRST WE HAVE TO LOVE!** Love our clients, employees and partners. We also have to inspire those we manage. We are living in times of instant gratification where there are easy recipes for everything, including management. However, these recipes are no longer inspiring because we quickly realize that there is no soul to them. Without the notion of love, modern management tools are nothing more than sophisticated tools to manipulate and take advantage of us. We need to spend more time respecting differences rather than trying to standardize; trusting rather than being suspicious; giving to others and making the first step without necessarily expecting anything in return."[15]

"Today, business is like a video game where everything happens very fast. We have to be able to

react quickly, to turn around and develop a strategy in the heat of the action. **WE HAVE TO FOCUS ON ACTION RATHER THAN FEELING GOOD.**"[16]

Peace and quiet are good for cemeteries! **WE MUST PRESS ON, DARE, CONQUER.**

Manager or Leader ?

"**ESSENTIALLY,** the manager administers; the leader innovates;

the manager is a copy; **the leader is an original;**

the manager accepts the status quo; **the leader challenges it**;

the manager focuses on systems and structures; **the leader focuses on people**;

the manager exercises control; **the leader generates trust**;

the manager asks how and when; **the leader asks what and why**;

good leaders don't tell their people how to do things, **they try to inspire the desire to do things."**

Stop ... or Go On?

You have now reached the end of Part A Step 1. In the second part of this Self Assessment Guide you will learn where to find business ideas and how to evaluate the potential of a business idea or project.

But before going any further, you must make a decision. Will you:

- **STOP THE PROCESS NOW** as you have realized the entrepreneurial way of life is not an appealing prospect for your future?
- **INTERRUPT THE PROCESS** with the intention of picking up again sometime in the future or when conditions are more favourable? or
- **CONTINUE WITH THE PROCESS**. Consult with your small business specialist. Talk to them about your hopes, your dreams, your decisions – they're there to listen, to counsel, to support.

Step 1

Part B

How to Find an Idea

Having the desire and aptitude for entrepreneurship isn't everything; you still need a good idea for a business! What idea interests you to the extent that you are willing to make a total personal commitment with respect to time, energy, and money? Your commitment must be the biggest commitment to the business project. If it's not, your business might already be in trouble.

Where do entrepreneurs get their ideas from? Some small business practitioners define the entrepreneur as a highly creative person who is constantly coming up with ideas for new businesses. While

most of those ideas will never make it past the thinking stage several of them and especially those with commercial potential will be nurtured and analyzed by the entrepreneur until a decision to proceed or not can be made. Some entrepreneurs choose to improve on an existing business idea, commercialize someone else's idea or create a new business around the profitable re-combination of existing and often very ordinary elements. Others develop or "invent" completely original ideas, products or technologies. Do you have an idea you want to pursue?

How do business ideas take shape? Can the ability to see a business opportunity be acquired? Where can you find ideas to pursue and how do you judge the commercial value of an idea? How do you determine which ideas present attractive business opportunities? What business idea will suit you best? Which fits best with your interests, past experiences, capabilities, life-style aspirations, financial objectives and market needs? This chapter will examine these themes and will also discuss the need for creativity even after, and sometimes especially when, your business is in full operation.

The Idea

The idea is an essential element of the start-up equation.

Entrepreneurial spirit +

IDEA +

Resources +

= Know-how

Become a Successful Entrepreneur

The search for an idea, if you don't already have one, can be a bit difficult. In real life this step is rarely as systematic as small business literature would suggest. The processes that lead to the birth of an idea are complex and often are

triggered by your subconscious; one day "the light comes on"! However, the more deliberate you are in your search for a business opportunity, the more you will see there is an abundance of ideas all around you from which to choose. The idea, a sudden flash or a confused image, often germinates in our mind without our really ever understanding how.

Our imaginations contain a bank of ideas; we have accumulated all kinds of information, which once stimulated, allow many different connections to be made and new associations of ideas to occur. We call this intuition, creativity, and innovative thinking. The capacity for generating good business ideas can be the result of curiosity, of observation, of a certain open-mindedness, and . . . flair. Entrepreneurs are generally curious about their surroundings; they observe products and rethink their uses, they observe people and note their behaviours and habits. They listen to people and collect masses of information which they interpret and analyze in order to determine needs or to find a better way of meeting existing needs. They take the liberty of transferring information, ideas and concepts, from one field of activity to another, from one place to another – and why not?

This developed sense of observation allows them to be more aware of changes in the environment and emerging needs, and to be able to identify opportunities for businesses. So it is true that entrepreneurs are innovative and creative, and not necessarily born with this particular skill or ability. They are that way because they have learned how to observe things around them and make unusual links and original parallels. Once in business, entrepreneurs are even more aware of new ideas; opportunities that they might not have otherwise recognized.

Business Opportunities

There are different types of entrepreneurs. Most entrepreneurs do not invent the product or service around which they build their business nor do they build their businesses around "breakthrough technologies". They are more in the category of "innovators". Most often, they develop a concept, improve an existing product, adapt

a device, identify a trend, and try to be different, to stand out. Contrary to the inventor, who often stops with the invention and goes on to the next one, entrepreneurs invest in the commercialization of their ideas and achieve a lot of satisfaction from doing this.

Entrepreneurs act on their ideas and dreams; their creativity results in concrete activities and achievements. Their observations come from real life experience, and their ideas are aimed at satisfying clearly identified needs or problems.

Entrepreneurs spend a lot of time looking for good business opportunities, opportunities with strong potential for growth and profitability. But where do you find them? It seems that most good ideas are found close by, within arm's reach of the entrepreneurs who pursue them. In many cases you just have to know how to look, know how to listen, listen to yourself . . . and then seize the opportunity.

Seeing a Need

A good place to start looking for business ideas is by listening to the people around you, especially

to your customers. Analyze even your own needs. Learn how to look at things around you and you will see unsatisfied needs, products and services that could be rethought or reworked and improved, others that could be better adapted. Some of the best business opportunities got their start because an entrepreneur met an unsatisfied need or solved a problem.

Transpositions

A concept exploited in one field can also be applied in another. A technology or device might be transferred into another sphere of activity. An existing process might be suitable to other applications. A little imagination, some adaptation, and a business idea germinates.

Even travel to another city or country can be a starting point for a new business. What is done elsewhere can be introduced here, whether it is a new product or a

new type of business service or a means to simplify a complex way of doing things. The least developed countries might supply as much inspiration as the industrialized countries. (A natural food store decided to offer its customers fresh roasted coffee, so it imported the process and the apparatus).

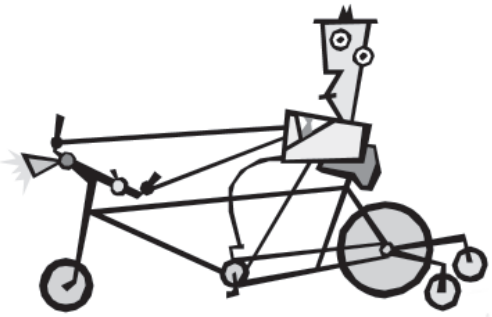
Listening to Yourself

The best source of inspiration and creativity is yourself. Stop the self-censorship and exploit your originality. You have a unique way of seeing things, so shouldn't it be used to develop a business idea? A dream, a personal interest, a talent or skill, or a hobby are the origins of many good businesses.

Listen to yourself, follow your interests, trust your instincts; the best idea will be the one that fascinates you to the point where you will enjoy developing it, testing it and trying it out until you're convinced it's good and that there will be a market for it.

Innovation

Small business is an important factor in social and economic development because it is so dynamic. A



high percentage of innovations are developed in small businesses. But the vitality and sometimes the survival of small businesses also depends on that capacity for innovation. Your business will have a greater chance of being profitable if it has an innovative element that makes it stand out or which gives it a competitive edge or advantage.

As we have seen, you can innovate by identifying new needs, new expectations or values. You can also follow technological progress and take advantage of more efficient and modern processes. New technologies can be exploited in mainstream products that are extremely common. (Think of liquid crystals: who doesn't have a digital watch?) Combine different pieces of information, discoveries, activity sectors or fields of application; maybe a spark of genius will ignite!

Think of all the patents that are lying dormant. Many inventors who

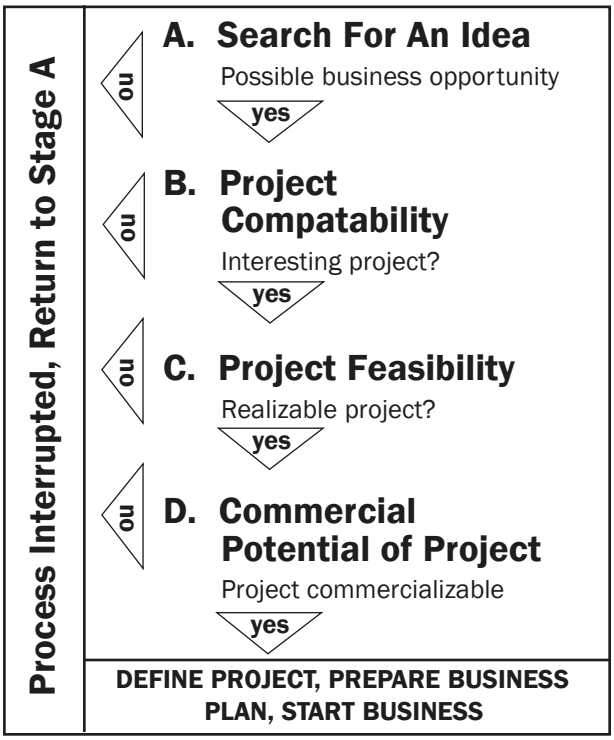
choose not to or don't want to bring their products to market may release their rights or negotiate licenses. Statistics Canada can provide a substantial amount of data on consumer trends and habits. Read the newspapers from different parts of the country or from around the world; news articles can be a wealth of information that could turn into a business opportunity. Find out what is being done in foreign countries; some processes that are simply different could be successfully introduced here.

Is your product or business novel? Novelty can attract a lot of attention in the marketplace that may well be in your favour. A well rethought, adapted or more attractive product may better meet the changing needs of the marketplace and be more popular than what is presently available. Always remember though that after a while you will again have to offer something new! The average life of a product is estimated to be about seven years. After that the market often becomes saturated or the consumer tires of it. So even existing business owners must be prepared to replace one business idea with another.

Some products and services quickly run into a competitive crisis (for example, DVD has replaced VHS) and have a very short life (the fierce competition in the computer industry causes radical changes in products and pricing over very short periods of time). Companies in this situation survive by delivering distinctive products and maximum performance, and by investing heavily in research and development, innovation and service.

The Birth of a Marketable Idea

The process an entrepreneur follows while in search of ideas is



illustrated in the diagram. The process can be divided into 5 stages, beginning with the search for a marketable idea and ending with the definition of the project and the eventual business start-up. At each stage, questions to think about are suggested to help you explore all possibilities and to make the decision to go on to the next stage.

Finding an Idea

Not inspired? Look around you. The environment, your workplace, the business community, your leisure activities or particular interests, as well as change and trend forecasts can give you ideas that hadn't crossed your mind before. Are you keeping your eyes open?

Look around you...

Have You . . .

- ❑ a specific talent or expertise to offer?
- ❑ invented a product/service /concept, found a solution to a problem people face in their daily lives?
- ❑ found a product to assemble or recycle?
- ❑ found a use for discarded materials?
- ❑ found a standard product that could be packaged or repackaged in order to increase sales in the marketplace?
- ❑ thought of modifying the packaging of a product to make it more attractive, more economical, more practical or more ecological?
- ❑ found a way to improve and/or add value to a common product, service or concept?
- ❑ identified the subcontracting needs of large companies?
- ❑ thought about distributing or selling the product/service /concept to another company?
- ❑ observed significant social, economic, technological or environmental changes from which you could benefit?
- ❑ observed an unmet need during commercial or regional exhibits, fairs or trade shows?
- ❑ anticipated new needs of the consumer?

- ❑ observed different consumer spending habits or behaviours?
- ❑ discovered individuals whose talents are not being used, or used very little?
- ❑ identified special events that you could benefit from by offering your skills?
- ❑ reviewed dormant patents?

To be explored:

_____

_____

_____

_____

You Can Consult the Following Publications at a Bookstore or Library

- ❑ **BOOKS** on business
- ❑ **MAGAZINES** *such as Profit, Profit Home Business, Small Business Opportunities, Opportunities Canada, Canadian Business, Home Business Report, Entrepreneur, Income Opportunities, Success, Inc., Venture, Your Office, SaskBusiness, REALM, Sympatico Netlife*
- ❑ Canadian and American **BUSINESS PUBLICATIONS** such as *Business Periodicals Index, Canadian Almanac & Directory, Canadian Business Periodicals Index, Canadian Patent Office Record, U.S. Patent Office, Official Gazette Patents*
- ❑ **FOREIGN BUSINESS PUBLICATIONS**
- ❑ **THE YELLOW PAGES**
- ❑ **NEWSPAPERS** explore the business section, the classified section (business opportunities, distributors, businesses for sale, partners or investors, franchises, money to lend, used equipment for sale), as well as the sections on employment opportunities, calls for tender, auctions, bankruptcies, etc.

To be explored:

_____

_____

_____

_____

_____

Have You Already Looked to the Following for An Idea?

- ❑ your local Community Futures office;
- ❑ Chambers of commerce, business associations
- ❑ regional associations
- ❑ financial institutions
- ❑ entrepreneurship training institutions/organizations
- ❑ university research centres
- ❑ innovation centres
- ❑ technological centres, technical institutes
- ❑ public and quasipublic organizations supporting the business community at the local, regional, provincial and national level
- ❑ private resources in the business community
- ❑ fairs, trade shows
- ❑ franchisers, wholesalers, retailers
- ❑ private companies
- ❑ consulates and embassies

Internet sites such as:

- ❑ http://www.wd-deo.gc.ca/eng/99.asp
- ❑ http://www.canadabusiness.ca/eng/
- ❑ http://cfsask.ca/
- ❑ http://www.womenentrepreneurs.sk.ca/
- ❑ http://ccs-sk.ca/
  Conseil de la Coopération de la Saskatchewan
- ❑ http://www.bdc.ca/EN/Pages/home.aspx
- ❑ http://squareonesask.ca/
- ❑ http://www.futurpreneur.ca
- ❑ https://business.isc.ca/Pages/default.aspx
- ❑ http://sief.sk.ca/
- ❑ http://www.nrc-cnrc.gc.ca/eng/irap/index.html
- ❑ http://www.clarencecampeau.com/ccdf/
- ❑ http://www12.statcan.gc.ca
- ❑ http://www.cfee.org/en/rescatching.shtml (Canadian Foundation for Economic Education)

In Your Workplace, Have You Thought About . . .

- ❑ improving an existing production process?
- ❑ adapting or replacing a product or service that is already available?
- ❑ completing the line of products or services available?
- ❑ considering the suggestions of certain clients?
- ❑ satisfying a need of the company that employs you?
- ❑ satisfying the unsatisfied needs of clients?
- ❑ using your knowledge and expertise in another sector of activity?
- ❑ bringing your skills to another region?
- ❑ improving a management technique?

To be explored:

_____

_____

_____

_____

Specific Leisure Activities, Hobbies and Interests. Have You Thought About Starting a Business Based On . . .

- ❑ a manual skill?
- ❑ a sport?
- ❑ an intellectual or other kind of interest (reading, game, etc.)?
- ❑ a passion for a specific area (cars, computers, farming, etc.)?
- ❑ a home-made product (cooking, baking, etc.)?

To be explored:

_____

_____

_____

_____

Travelling and Imported Products, Have You Ever Seen . . .

- ❑ certain products/services /concepts offered in a foreign place that could be imported and made available here?
- ❑ certain products that are now successfully imported into our marketplace that could be manufactured here?

❑ a new service/concept observed during a trip?

To be explored:

_____

_____

_____

Do Any of These New Trends Give You A Flash of Inspiration for a Business Idea?

❑ **COCOONING** (the concept of making your home very comfortable and welcoming); the home is becoming the centre around which everything is organized

❑ The return to **TRADITIONAL VALUES**: marriage, house, family and work intermingled with baby-boomer values such as equality of the sexes, individualism, instant gratification and liberal thought

❑ Increase in **ETHNIC AND ELDERLY CLIENTELES, AND INTEREST IN MULTICULTURALISM**

❑ Diversification, regionalization and personalization of **PREFERENCES**

❑ Increase in the number of **PEOPLE LIVING ALONE**

❑ Decrease in the **TIME** people feel they have available

❑ Increase in the level of **STRESS** and the need for **LEISURE**

❑ The increasing pace of our lives and the demand for **SIMPLIFICATION** (consumer convenience: making life easier

❑ **HAVING THINGS DONE** for us versus doing things ourselves is increasingly common in business as well as for individuals

❑ Environmental, Health and **PERSONAL DEVELOPMENT CONCERNS** on the rise

❑ A new **MARKETABLE SOCIAL CONSCIENCE**

❑ **CONSUMERS** who are more demanding, more curious, more knowledgeable, less gullible and looking for quality, convenience, performance and service

❑ **INFORMATION** and **COMPUTERIZATION** (numeric generation)

❑ Increase in **TRAINING NEEDS** and **WAYS OF LEARNING**

❑ **FASHION** and trendy products/services

To be explored:

_____

_____

_____

_____

DOES ONE OF THESE IDEAS INSPIRE YOU

100 Business Ideas

Automobile / Van:

- ❑ Waxing, lubrication
- ❑ Exterior/interior cleaning
- ❑ Leather and vinyl repair
- ❑ Windshield repair
- ❑ Paint touch-ups
- ❑ Mobile unit for off-site services
- ❑ Messenger service
- ❑ Small moves
- ❑ People/product transportation

Design, Production and Sales:

- ❑ Handicrafts
- ❑ Jewelry
- ❑ Dried flowers
- ❑ Lingerie
- ❑ Art and decorative work
- ❑ Gift baskets
- ❑ Products of wood, leather, stone, etc.
- ❑ Recycled products
- ❑ Typical, cultural products
- ❑ Functional products
- ❑ Clothing

Rental:

- ❑ Electrical household appliances and furniture
- ❑ Apparatus of all types
- ❑ Costumes and ceremonial clothing
- ❑ Records, CDs, games and videos
- ❑ Sports equipment
- ❑ Machinery
- ❑ Tools
- ❑ Photos, paintings, works of art

Services for Businesses:

- ❑ Storage
- ❑ Plant care
- ❑ Cleaning services
- ❑ Office equipment/supplies
- ❑ Invoicing
- ❑ Customized training
- ❑ Computers
- ❑ Messenger and transportation services
- ❑ Web page design, graphic design
- ❑ Telephone reception, cellular phone, pager
- ❑ Recovery of polluting materials
- ❑ Writing, translation
- ❑ Secretarial, desktop publishing services
- ❑ Security services
- ❑ Subcontracting
- ❑ Bookkeeping, accounting
- ❑ Human resources recruitment
- ❑ Electricity and telephone invoice verification

Services for Individuals, Families

- ❑ Recreation, travel, hobbies
- ❑ Workshops, seminars, training of all types
- ❑ Care for children and the elderly
- ❑ Bed and breakfast
- ❑ Services for the elderly, parents, tourists, etc.
- ❑ Tutoring

Residential Services

- ❑ Cabinetmaking
- ❑ Carpentry
- ❑ Plumbing
- ❑ Electrical
- ❑ Painting, joint treatment
- ❑ Doors, windows, screens
- ❑ Security systems
- ❑ Roof finishing and repair
- ❑ Chimney installation and sweeping
- ❑ Decoration
- ❑ Restoration, renovation
- ❑ Installation of anti-slip products
- ❑ Assembly of furniture, BBQ, etc.

- ❑ House cleaning
- ❑ Furniture, blind and carpet cleaning
- ❑ Window and wall/ceiling cleaning
- ❑ Electrical household appliance repair
- ❑ Grass cutting, leaf raking and tree pruning
- ❑ Snow removal
- ❑ Installation of outside functional and decorative lighting (pool, landscaping, entrance)
- ❑ Construction of walls and low walls
- ❑ Pool maintenance

Health-Related Services:

- ❑ Physical activities
- ❑ Personal growth (books and courses)
- ❑ Herbs
- ❑ Massage
- ❑ Alternative medicine
- ❑ Physiotherapy
- ❑ Psychotherapy
- ❑ Foot care
- ❑ Home recovery support
- ❑ Meditation and relaxation techniques

Other Services / Products

- ❑ Leisure, sports activities
- ❑ Sharpening of knives, scissors, chainsaws, axes, skates, etc.
- ❑ Baking of special products
- ❑ Animal care and boarding
- ❑ Mailings
- ❑ Operation of dispensing equipment
- ❑ Farming, raising animals for consumption or hunting activities
- ❑ Forest harvesting
- ❑ Imports and sales
- ❑ Internet (services to be offered)
- ❑ Personal safety objects
- ❑ Planning of events and parties
- ❑ Tourism products: guided tours, packages, outdoor activities, hunting, fishing
- ❑ Recycling of all kinds
- ❑ Repair of skidoos, snowblowers, lawnmowers and small motors

❑ Photography or video services

❑ Caterer, prepared foods, specialized foods

❑ Catalogue or home sales

To be explored:

_____

_____

_____

_____

No luck yet, **BUT A CERTAIN PRODUCT/SERVICE/CONCEPT HAS PIQUED YOUR INTEREST**? There is often more than one way to see things! The same applies to a product/service/concept! **THE FOLLOWING QUESTIONS MAY HELP YOU TO HONE IN ON AN IDEA?**

How Can I ...

❑ make it safer, cleaner, slower or faster?

❑ make it more practical or less expensive?

❑ make it portable, movable or disposable?

❑ make it easier to use?

❑ make it more attractive or appealing?

❑ make it lighter, stronger, adjustable, thinner, more compact?

❑ add new functions?

❑ make it multi-purpose?

❑ combine it or add it to other products or services?

❑ eliminate or reduce certain irritants or weaknesses?

❑ improve its availability on the market and its distribution?

❑ make it or do it at home and thereby reduce certain expenses?

❑ find subcontractors to manufacture my product?

❑ facilitate the packaging, storing and transportation of the product?

❑ reduce replacement, repair or reconditioning costs?

To be explored:

_____

_____

_____

_____

Have you found one or two ideas? Good for you! Go on to the next phase then. If you haven't found an idea yet, think about it some more . . . good things come to those who wait!

Choosing a Business Idea

If your idea seems brilliant, get going; but take the time to develop all aspects of it. Don't dismiss any objections or obstacles without carefully analyzing them. Discuss your idea with family and friends and take their comments into consideration. They might suggest interesting changes or help you think of possible improvements. A good idea is only the first step in developing a business. A good idea cannot ensure success if other essential factors are not in place; it needs to be checked thoroughly before starting the business. Examination of the idea is always cheaper than the expense of a business failure. In addition to evaluating each idea, you might also consider alternative ideas that may have more promise.

It is always difficult to give up preconceived ideas about the quality of your product or service! Be very critical; look at your business through the eyes of someone who might have to finance it. Your investor may be the first person that you will have to convince.

Don't forget your competitors. Even if your product or service is innovative, it is probably not unique. Consider its advantages, but also its weak points – you may be able to improve your concept now without too much expense.

This careful evaluation of your idea will also get you started on your business plan.

The first chance you might use your business plan is to give potential investors the pertinent information about your idea: the product or service you want to offer, or your plan to buy a business or acquire a franchise. As you proceed to create or acquire a business take into account the unique aspects.

You should describe the product you have created its characteristics, its possible uses, what distinguishes it from similar products already on the market, etc. You should also specify what stage of development has been achieved and how it might be further adapted and developed as time goes on. You should also indicate if you have a patent or a trade secret . . . Make sure that all the interesting information which might convince your potential investors is included - be a good salesperson!

If you have described your future enterprise, explained the field of activity and the industrial sector it will be in, pointed out economic factors and trends which might affect it, each investor will be in a better position to evaluate you and the potential of your idea. Is the business you want to start part of a growing industry or market? Is the market controlled by only a few large competitors? Is it possible to generate adequate profits from the sale of products or services in this industry? These and other questions will be of interest to investors and, of course, should also be of interest to you.

If you are offering a service, your business plan should contain most of the same information including: description, particular features, strong points and weak points, method of providing the service, possibilities of adaptation, etc. A plan to buy a business or acquire a franchise must also be described and explained, including advantages, disadvantages and projections, so as to convince an investor that what you are proposing is a good business opportunity.

In addition to its intrinsic value and innovative superiority, your business idea must also be in sync with your own interests and motivation. There must be a good “fit” between you and the business you have chosen. There is no use devoting a lot of time and most of your energy to a product or business that does not correspond to your own interests and need for achievement, or does not excite.

Remember, it is always easier to start a business in which you already have some experience, knowledge, or industry contacts; these are personal assets that you cannot disregard.

Project Compatibility

Is your business idea compatible with who you are as a person and who you want to be as an entrepreneur? See how many times you can say "yes" when completing the following sentence:

This idea is an extension of:

- ❑ my personal interests
- ❑ my aptitudes
- ❑ my values
- ❑ my experience
- ❑ my training, my abilities
- ❑ my need for autonomy (my own boss)
- ❑ my need for accomplishment (accepting challenges)
- ❑ my creative spirit
- ❑ my need for social recognition
- ❑ my need for respect from family and friends
- ❑ my desire to make money
- ❑ my desire for flexibility
- ❑ my desire to build something of value
- ❑ my desire to make a contribution to my community and family.

If you have answered "yes" more often than "no" and are certain of the compatibility of your project, go for it . . . but not before you consider the next stages, which will help you to determine if your business idea has a future.

Project Feasibility

You can now complete this next part because you are in a position to determine if there are obstacles to the start up of your project that you may still have to take into account.

Possible obstacles

- ❑ Can I realize my project using existing technology?
- ❑ Do I have access to this technology?
- ❑ Do I have enough technical know-how to begin manufacturing my product or performing the service that I want to offer?
- ❑ Can my particular electrical energy needs be met?
- ❑ Can I obtain the necessary raw materials or supplies?
- ❑ Can I handle the special equipment needed?
- ❑ Can I find the specialized human resources I need?
- ❑ Do I have a good knowledge of the industry sector and its distribution network?
- ❑ Do I know enough about the management side of my business?
- ❑ Can I find a good business location and space?
- ❑ Is the area where I want to set up my business receptive to this kind of business?
- ❑ Does the area reflect the values of my business?
- ❑ Am I able to make the necessary capital outlay?
- ❑ Can I obtain outside financing if necessary?
- ❑ Does the business generate adequate profitability levels to make it attractive?
- ❑ Is the level of financial risk too high?
- ❑ Can I meet all legal requirements?

All of these questions may not have the same importance for your proposed business, and some may not apply at all. Perhaps they don't cover all the particular aspects of your business. It is important to identify all possible risks or obstacles to the realization of your idea and to find a solution for them. If your answer to some questions is no, how will you overcome the obstacle?

Evaluation of the Business Potential of Your Idea / Project

After you have determined whether or not your project is feasible, it's time to think about its business potential. Is your idea marketable? Can your project be viable and profitable?

The "Tests"

Any successful entrepreneur knows that it's just common sense to "test" a new idea, service or product so that critical information such as the level of interest and/or size of your potential market can be determined before venturing into design, manufacturing or marketing – in effect, before investing time, energy and significant sums of money.

"Testing" is done for three main reasons:

- to verify if there is a market, that is, a sufficient number of clients, despite existing competition
- to have a product evaluated
- to have the offer validated, that is, the conditions for marketing a service or product

Questions that can be asked of a potential client:

- ❑ Do you currently buy a product/service/concept similar to mine? Are you satisfied with it? Why? Why not?
- ❑ Would you buy my product/service/concept?
- ❑ How much would you buy and at what price? How many times per year (if applicable)?
- ❑ What do you like or dislike about my product/service/concept?
- ❑ How would you improve it? What would you do to set it apart from the competition?
- ❑ What do you think of the design or presentation of my product? Does it have sales appeal?
- ❑ Where would you buy it? Through which distribution channel?

What about your questions?

_____

_____

_____

_____

_____

_____

_____

_____

The Concept Test

The purpose of this test is to get an overview of what your potential clients think of your business idea/project and their perception of the product/service/concept that you want to sell them.

This first test will also allow you to better identify your clientele's needs and to improve or reposition your initial idea. If you receive what you believe are too many negative comments, then you may consider stopping your research and/or making any necessary adjustments without losing too much time or money.

The Product Usage Test

With the product usage test, the potential client sees a sample of the new product. While this test is not as extensive as a market study might be one of the advantages is a lower cost and immediate consumer reaction directly to the entrepreneur.

Important:

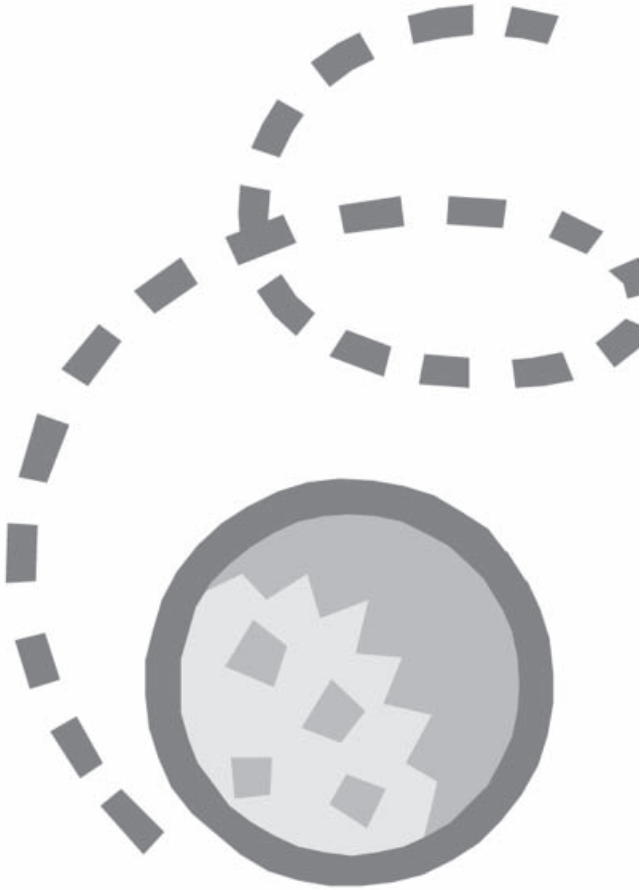
Neither of these tests, even if the results are positive, will guarantee that your project will be successful; however, they are indicators. If the responses you receive are quite enthusiastic and if the difference between your estimates for the cost of the product or service and its selling price appears to be profitable, then your project has a good chance of succeeding. If the responses are not certain, you should review your project before going any further.

Stop . . . Or Go On?

You have now reached the end of Step 1. If you've determined that you've found an interesting business project that seems viable and profitable, then in Step 2 you'll go one step further and learn how to start that business.

But before going any further, you must make a decision. Will you:

- **STOP THE PROCESS NOW** because you have not found a business project that you would like to pursue?
- **INTERRUPT THE PROCESS** with the intention of picking up again sometime in the future or when conditions are more favorable? or
- **CONTINUE WITH THE PROCESS?** Remember to consult with your small business specialist. As before, they will discuss your business ideas and support you where they can. Reaffirm your hopes, your dreams, your decisions – they're there to listen, to counsel, to support.



Step 2

The Prerequisites for Going Into Business

By examining characteristics common to entrepreneurs we have been able to pinpoint what is meant by the "entrepreneurial spirit" – that unique mixture of psychological characteristics and attitudes. However, even while your entrepreneurial spirit is critical to starting a business, by itself, it will not be able to carry a poorly planned business opportunity.

The potential entrepreneur looks for opportunity, is on the lookout for a need to be satisfied, and tries to imagine a novel solution: an original concept, new or improved products or services . . . You might say that he needs an idea to develop.

To launch a business enterprise, the individual must have at his or her disposal the necessary financial and human resources, technology, and raw materials and that he or she is prepared to start and manage the project. This means having talent, sufficient knowledge and experience

These elements can be expressed as a kind of start-up equation showing the prerequisites for entrepreneurial action.

Start-Up Equation

Entrepreneurial spirit +

IDEA +

Resources +

= Know-how

Become a Successful Entrepreneur

All these elements come together to ensure the start-up and success of a venture, although their relative importance may vary. Must the entrepreneur have all these prerequisites? Are some of them essential and others of secondary importance? Is there a winning equation? Even if they share some common characteristics, entrepreneurs may be very different from one another both in terms of characteristics and the way they approach the start-up and development of their business. So it seems more exact to say there are various winning combinations.

Success is most likely linked to the art of building on personal strengths and improving weaknesses. To be an entrepreneur, it seems that above all you must believe in yourself and your idea, be ready to take action, be determined and willing to work hard.

Launching a New Enterprise

Before seriously pursuing your idea you should estimate the underlying costs of setting up the necessary structures for the commercialization of your product, service or concept. These costs may seem minimal if you plan to start in a corner of your basement. But you will soon realize that a business, no matter how small, demands more space than you imagined. Basing your business in the home means “free rent” and you will be able to write off expenses for business use of the home against your employment or other income. But even so, improvements or renovations may be needed, and over time, you will likely have to explore renting premises or buying a building to accommodate the growth of the business or to provide a better location.

You will have to buy new or used equipment materials and supplies, and inventory, if you plan to open a store. If you decide to make an outright purchase, then you must

make the total capital investment up front. This could require significant amounts of your own money or mean an increase in debt to finance the purchase. You may reduce immediate financial pressures through renting or leasing options. Each of these decisions probably involves some trade-off, so you will have to decide which is best, given your unique set of circumstances.

Starting a business will also require a number of preliminary steps – some travelling, some out-of-pocket expenses, and a lot of time. You will have to take into account costs for any legal, professional or technical advice you may need. Market analysis, production of a prototype or samples, and product testing all cost money, as do permits, licensing rights, and patents.

Starting a business from scratch can be very gratifying for the innovative and creative entrepreneur, but it demands precision and effort, so you must be able to count on the support of your family. For long periods of time all your energy will be devoted to setting up your business, and your family life may be disrupted. Will you and your family be able to cope with that? You must think about this. Although it is not a financial cost, the emotional costs may be high and should be considered.

You may have to mortgage personal property or other possessions to raise the money to start your business. Are you willing to do this? If friends and acquaintances contribute time and money, how assuredly can you guarantee their investment? And if the business doesn't work out, what damage could be caused? What would your own losses be? Entrepreneurs say they learn from their failures. Could you find the energy to bounce back or would you come out of it with irreparable damage to you health, your morale, your finances, and/or your family relationships?

A new business requires a fairly large personal investment, as risk capital may be difficult to obtain. Financial institutions are sometimes reluctant to lend money to any new business, particularly if the venture has several elements of uncertainty and innovation. If the entrepreneur has little business experience and few committed investors, and may

offer only feeble guarantees, the risk is greater. In fact, some entrepreneurs hold on to their present jobs to be able to cover personal living expenses and sometimes to be able to keep a positive cash flow in their business. A new enterprise rarely shows profits in the first years of operation. You must acknowledge these risks up front and enter the world of business with your eyes open.

Are you enthusiastic enough about your proposed business to pay the price? How do you assess your strengths in relation to the elements that make up the entrepreneurial equation? Starting a business from scratch can present more risks: you have to face already established competition and your success will be directly linked to the quality of the product or service you have to offer and how you manage to be distinct from the competition

Buying an Existing Business

Buying a business is another option. If this is the right way for you to pursue your entrepreneurial potential, you will have to consider another set of factors; finding the

business that suits your interests, evaluating its financial situation and future potential, determining the price to pay and coming to terms with a business structure already in place.

Finding a "good deal" is not easy, whether it is a flourishing business at a reasonable price or a fledgling business at a low price. The challenges faced by a "troubled" business may not always be connected to its lack of potential. Ninety percent of business failures are believed to be due to poor management, inexperienced owners, bad planning, insufficient control of day to day activities or a serious lack of funds. First you must decide what industry sector you prefer to operate in, then consult business brokers, financial institutions, accountants, lawyers, etc., to find out what is available.

When you find the right opportunity, examine it methodically: make a first contact, arrange a meeting with the owner, collect information on the business, the industry etc.,

analyze financial data, make a surprise visit to the business, talk to employees, customers, suppliers. Do anything that will enable you to gain a good idea of the business' overall situation, including the reason it is for sale, the extent of its human, physical and financial resources, particular problems, licensing and government regulations affecting the business, trends in the industry, competitive developments etc.

After the initial appraisal, you will have to investigate further and verify information and facts. You should seek the advice of specialists at this point to ensure that you are operating with full knowledge and understanding of the facts. These specialists can help you gather financial, legal and general information about the business, its accounting and management practices, and its evolution.

You may choose either to buy the assets of the business or its shares (if it is incorporated). Buying the shares is simpler: control of the company (its name, its assets, its debt obligations) simply means changing hands and its commitments continue to be met. Buying the assets is a bit more complex: among other things, you have to be sure that agreements made in the name of the previous owner can be transferred. An unincorporated business may be acquired only by buying the assets.

Analysis of the financial statements of the last few years and the budget for the current year should give you a good indication of what price you should pay. But you should also consider the current market value of the buildings, equipment and inventory, the value of accounts receivable and whether or not it would be to your advantage to assume them and the value of any goodwill etc. Although this will give you an idea of the value of the business, it is recommended that you consult an expert for proper business valuation.

Goodwill is not a tangible, concrete asset; therefore, it is difficult for buyers and sellers to agree on its value, if any. Goodwill is the recognized ability of the business to generate revenues or profits proportionally higher than those of a similar businesses. Goodwill may be generated because of a company name, a patent, an

outstanding reputation or a particularly loyal customer base. It results, in a way, from good management, effective marketing, a good location, distinctive technical production, etc. Since goodwill has no book value it is difficult to evaluate, and the buyer often pays far too much for it.

If you have determined the maximum price you should pay for the business and the deal still interests you, you can begin negotiations. It may be wise to take a professional adviser with you: broker, accountant, lawyer or tax expert. But, of course, it is you who has to make the final decision. Don't lose sight of your objective to acquire the best possible terms and conditions. If the conditions are within the limits you have set for yourself, agreement is possible. Your offer to purchase should be made conditional upon obtaining financing at reasonable terms, the granting of necessary licenses and inclusion of other safeguard clauses (such as a non-competition clause). With a little luck, you will become the owner of the business you have dreamed of.

Estimating the Value of a Business

WHEN BUYING ONLY ASSETS, PRICE TO PAY =

EQUIPMENT, FURNISHING, SUPPLIES and STOCKS at CURRENT MARKET VALUE

+

ACCOUNTS RECEIVABLE

+

GOODWILL

OR WHEN BUYING THE NAME AND/OR SHARES, PRICE TO PAY =

Total **ASSETS**

Cash on hand
Accounts receivable
Inventory
Land, Building
Equipment

-

Total **LIABILITIES**

Short term Debt
Long term Debt

Buying an existing business may allow you to avoid the risks and uncertainties of start-up and may also save you a great deal of effort. Since the organizational structures are already in place and the employees trained, the business continues to operate and you have only to ensure a proper use of resources and control of operations and marketing. Generally, you don't have to wait as long for returns on your investment because you theoretically have a market share that you can build from and don't have the difficult task of building a brand new customer base. Although the initial investment might be higher, it is easier to borrow capital since the business serves as its own security and has an existing track record.

However, you have to be sure you know the exact situation of the business. Your interests and the seller's interests may be diametrically opposed. You may have the ability to straighten out the finances of a company in trouble, but are you safe from unpleasant surprises? There might be financial or other obligations to certain suppliers, lenders or other businesses. Is there a risk of legal proceedings? Have you taken a look at any work contracts, at the accounts receivable, at the inventory? Have you been given a true picture of the business? If the present image of the business is inappropriate will you be able to change it? Have you considered all the details? Is it really well located? Is the equipment outdated? How much will you have to invest over and above the purchase price? Once again, be careful and seek the advice of a professional.

You are also buying a pre-established business structure. Will the change of management be made without problems? What is the work climate like? Will you get cooperation from everyone and be able to keep key employees? Will changes you want to make be accepted?

Since the purchase of a business involves a considerable capital investment, it is important to get the best possible price considering its actual real monetary value and the value of its future "potential". You will also need the ability and experience to ensure effective management and win the confidence of employees and business connections.

Acquiring a Franchise

Acquiring a franchise means buying the rights from someone else to develop the market for a specific product, a process or a service in certain territory for a given period of time. The franchiser (owner of the business concept and system) provides continuous assistance to the franchisee in the form of know-how and tried-and-proven production and marketing methods. In return for paying initial costs and royalties, the franchise benefits from a recognized trademark, a reputable business image, national or regional advertising and promotion, and the franchiser's proven market systems and success.

Franchising facilitates the business start-up process and provides easier access to good credit and financing, supplies at usually lower prices and a research and development program. It greatly reduces the risk of failure. This makes it attractive for the less experienced potential entrepreneur, who benefits from the competence of the franchiser. Like the slogan says, "with franchising you are in business for yourself but not by yourself"! However, in return for the franchiser's package of support and assistance, the franchise must be willing to accept the franchiser's business philosophy and way of doing business. Strict operating procedures must be followed. While becoming part of a franchising system is an excellent management school, it may impose limitations on creativity and self-determination and not totally satisfy the need for independence and self-reliance of some entrepreneurs. So it is less suitable for potential entrepreneurs who want do everything "their way" and be their own boss. But for many people this is a very viable alternative as a path into their own business.

The franchising system exists in almost every field. In some franchise situations the use of a trademark is approved. Generally, trademark franchising is not as rigorously controlled by the franchiser.

The type of franchise chosen should be one that fits the interest and abilities of the entrepreneur. Although a franchise operation might appear relatively easy to operate, it still requires many hours of work. The entrepreneur must take intensive training, maintain a prescribed inventory, install and maintain the necessary equipment and, by following prescribed procedures, maintain standards of quality and performance set by the franchiser.

In Conclusion

Exploring all of the possibilities available to you in order to get your start in business is important. To allow you to compare the advantages and disadvantages of various types of business opportunities, look over the following table. The choice you make depends first on your personality, your tastes and aptitudes. Everyone has good and bad points, as you know, and you must realize your full entrepreneurial potential in order to reach your goals.

The considerations we have addressed so far should provide you the necessary information to estimate the initial costs involved in your project. Now you have to evaluate the costs of operating your business (which you will see in Step 3: Business Plan) in order to determine the investment capital required for its success.

The Legal Status of a Business

Whether you plan to buy a business, a franchise or prefer to start your business from the ground up, know the implications of the different types of legal forms of business so that you may better protect your interests.

Each legal form of business has its advantages and disadvantages. Your choice will depend to a large extent on whether you will be the sole owner or take on partners to share the risks and liabilities.

Comparative Advantages and Disadvantages of Starting a New Business, Buying an Existing Business and Becoming a Franchisee

Factors to consider	NEW BUSINESS	EXISTING BUSINESS	FRANCHISE
• **Cost**	Lower initial investment	Very high investment	High cost plus royalties
• **Organization**	Start-up difficult	Operations continue	Organization provided
• **Knowledge**	Learning on the job	Adaptation to existing organization	Intensive training and pressure
• **Know-how**	Must be developed	Partly by present employees	Supplied by franchiser
• **Location**	Choice of location	Fixed location	Pre-set territory
• **Product or service**	To be put on market	Now on the market	Proven trademark
• **Suppliers**	To be contacted	Known	Designated
• **Competition**	Market to establish	Market established	Market reserved
• **Clientele**	To be established	Existing	Identified
• **Promotion**	Marketing to be done	Marketing in place	Done by franchiser
• **Profits**	Slow to come	Immediate	Assured
• **Freedom**	Great	Reduced	Limited
• **Financing**	Difficult to obtain	Secured by assets already in place	Easier to obtain, franchiser's reputation
• **Risks**	High	Lower	Lowest

Sole Proprietorship

Let's assume you want to make all the decisions yourself and be its sole owner. You alone will be the owner of the assets just as you will be solely responsible for all debts. This is the sole proprietorship form of ownership.

The only legal formality required is the registration of your business name with the provincial department in charge of business registration and incorporation. If you decide to do business under your own personal name you are not even required to register it. If you decide on another name you will have to request a name search to ensure that it is not already registered by someone else. In a sole proprietorship there is no distinction between the personal assets of the owner and business assets; in the event of bankruptcy all of the owner's possessions would be subject to seizure. The advantages and disadvantages of sole proprietorship are shown in the table on page 66. Over half of small businesses operate under this legal form.

Sometimes this type of business structure is described as being exempt from taxation – this is not entirely accurate. For taxation purposes, because the business does not have it's own legal identity, the sole proprietor (you) declare all profits and/or losses on your own personal tax return – it is this last point that "technically" encourages people to believe, incorrectly, that operating as a sole proprietor is akin to earning business profits "tax free". It is this tax requirement that forces each business operating as a sole proprietorship to have a business fiscal year ending on Dec 31st of each year (the same as your personal income tax obligations).

Partnership

In a partnership you have the advantage of the experience and complementary abilities of one or more partners. You will all contribute to capital investment in the business and share in its management. You form a partnership and register your business name. This legal form of business is commonly used by professional people, among others.

Like a sole proprietorship, it has roughly the same advantages and disadvantages. In addition, each partner is personally responsible (jointly and severally) for all financial and other liabilities and commitments of the business.

The registration of the partnership must be renewed if a new partner is added. The business does not survive the loss of a partner unless provision is made for this in the partnership agreement. This agreement should clearly define the rights and responsibilities of the partners, specify how conflicts will be resolved and what will be done in the event of the withdrawal or decease of a partner.

A partnership may also be limited, although limited partnerships are less common. A limited partner contributes capital or other assets to the business but takes no direct part in management. One or more limited partners may invest in a business managed by an experienced entrepreneur who becomes the general partner and manager of the business. Limited partners share in the profits and losses of the business and are usually interested in the tax implications of their investment.

Like a sole proprietorship this type of business structure does not have it's own legal identity, the partners declare all profits and/or losses (in percentage amounts equal to their share of the partnership) on their personal tax returns.

Limited Company

If your business proposal is of a fairly large scale and the business is expected to expand rapidly once started, you may decide to form a limited or incorporated company. (The abbreviations "Ltd." and "Inc." have the same meaning). Although the formalities are a bit more complex, most entrepreneurs with growth oriented businesses incorporate. Statistics show that more than 30% of people who incorporate take care of the legal requirements themselves.

The capital of a limited company is contributed through shareholders' investments. These shareholders elect a Board of Directors for the company. However, the owner may be the only shareholder. This form of business has several advantages:

- it is recognized as a legal entity distinct from its owners and shareholders;
- it owns the assets, is responsible for the debts of the business and must fulfil its commitments and pay its own taxes, generally at a lower rate than a personal income;
- it may buy and sell goods and sue or be sued;
- the shareholders' liability is limited to the amount of their individual investment.

However, in the case of a new business, lenders will still usually require that loans be personally guaranteed by the owners. In most cases the owners' personal property and possessions are used as security.

For the last few years it has been possible to incorporate a sole proprietorship (one person may own 100% of the shares of a limited company). This is becoming more frequent since it offers a number of tax advantages.

There are other appreciable advantages: if the company has a share issue, and can attract multiple investors, it is easier to respond to the demands of lenders and it is not affected by the departure of a shareholder, except for the transfer of shares.

The legal formalities of incorporation are more complex and often require the help of experts, which means extra costs. Specialists'

services are used in about two thirds of incorporations.

To form a limited company you should first reserve the company name with the provincial department in charge of business registration and incorporation. If the name is accepted, it will be reserved for 90 days. Then you submit the incorporating documents, including notification of the head office address and the names of the board of directors, to this same department or, if you want a federal charter, to the Consumer and Corporate Affairs Canada. It is strongly recommended that a "shareholder agreement" be drawn up even if one of the shareholders is your spouse.

Whether you incorporate federally or provincially depends on the proposed scale and development of your business. If business operations are principally within the province, even if goods are exported, provincial incorporation is preferable. But if operations were later to be extended nationally or internationally, which requires a change in status or additional licenses, federal incorporation might be desirable. Of course, you may make a change later, but there would be additional legal costs.

Unlike the sole proprietorship or unincorporated partnership this type of business structure has it's own legal identity and consequently files a tax return separate and apart from the owners. As a result there is no requirement to have a Dec 31st year end and the company is free to choose a date it believes is appropriate given the nature of its business.

The Cooperative

Perhaps you are one of a group of people who wish to operate a cooperative that would respond to the socioeconomic needs of your community by providing goods or services under the best possible terms and conditions.

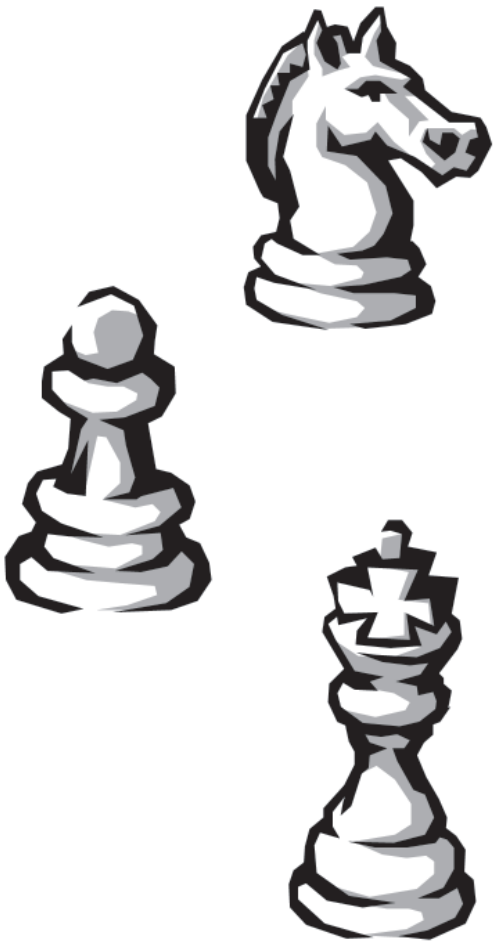
Although the cooperative plays an important role in Canada, notably in the fields of savings and loans, agricultural products processing, fishing and forest products, it affects few small businesses. Cooperatives are not generally described as profit-oriented and any surpluses are distributed to the members in proportion to their

shares and to the amount of use they make of the services. But could the cooperative also serve profitability objectives? Of course, they can and often do, especially when they are in the form of worker cooperatives.

Each province generally regulates the number of people required to form a cooperative as well as their powers and responsibilities. Those wishing to establish a cooperative may request authorization by submitting a proposal describing their concept to the appropriate provincial department.

Conclusion

This review of the different legal forms of business allows you to consider the advantages and disadvantages of each in relation to your business. It's up to you to decide whether you will simply register your business or set up a partnership, a cooperative or a limited company. However, since good planning is important to your business start-up, the advice of legal experts may be valuable in choosing the form most suitable for your enterprise.



Advantages and Disadvantages of the different legal forms of business

Factors to Consider	Sole Proprietorship	Partnership	Limited Company	Cooperative
Legal formalities	simple and fast	more complex	more complex	complex
Cost of legal formalities	low	medium to high	medium to high	medium
Ownership of assets	owner (total)	partners (limited to their share)	shareholders (according to number of shares)	members (according to capital invested)
Financial responsibility	unlimited	unlimited	limited to shareholders' investment	limited to capital subscribed by members
Control	owner	shared between partners	shareholders 1 vote per share	members 1 vote per member
Initial Investment	owner's investment	pooled investment of partners	according to number of shareholders	according to number of members
External financing	limited to owner's borrowing capacity	limited to partners' borrowing capacity	possibility of stock and bond issues; debt capacity	limited to strength of cooperative
Tax implications	taxed at owner's tax rate	partners' tax rate on their share of profits	low rate on company income but dividends paid to share-holders are taxable	low tax rate on cooperative
	losses deductible from owner's taxable income	losses deductible from income of partners	losses deductible from taxable company income	losses deductible only from cooperative
Continuity in case of decease or incapacity	no guarantee of continuity agreement	none, unless provided for in partnership	continuity rarely affected	cooperative continues

Looking For a Partner?

Business owners cannot be expected to do everything. They should stick to what they do best and, when possible, find partners to do the things they cannot do themselves. At the same time, as the complexity of doing business increases, the complexity of the tasks also grows. Partnering offers a way of accessing and sharing different types of expertise without forcing you to master them all (other ways include creating jobs, or hiring specialized consultants or experts on contract).

A partner can complement your capabilities by contributing the expertise, insights and contacts that spell the difference between success and failure. In this way, partnering improves your responsiveness and flexibility, as well as enhancing your business' chances for success in the marketplace.

An Industry Canada document entitled Finding a Partner available through the Internet at **http://strategis.ic.gc.ca**, provides the opportunity to think about partnership, gives good advice and raises some interesting questions. The following is an adapted excerpt from that document.

Is Partnering Right for You ?

There are many good reasons for partnering, but this does not mean that partnering is always right for you. Before investing time and money in finding a partner or negotiating an agreement, make sure that adding a partner makes sense, given the specifics of your business and strategy. Ask yourself the following questions:

- Are you prepared to **SHARE AUTHORITY** for managing your business with someone else? Are you willing to **SHARE DECISION-MAKING**?
- Are you prepared to **DEVOTE YOUR TIME to bringing on a new partner, MANAGING THE RELATIONSHIP**, consulting, and working toward consensus?
- Are you prepared to **ACCEPT A CHANGE IN THE OVERALL DIRECTION** of your business to accommodate the advice and interests of your partner?

If the answer to these questions is a firm yes, you are ready to take the steps necessary to bring a new partner into your business.

1. Internal Assessment

The first step is to determine precisely what you need from a partner in order to defend or enhance your competitive position:

- Where is your company headed or where would you like it to be headed?
- What are your competitive advantages?
- What is missing?

The answers to these questions should be embodied in a clear plan. Once you have a sense of what you want to do, assess your own ability to do it. Analyze your own strengths and weaknesses, according to the checklist, "Inventory and Personal Plan of Action," located at the back of this guide.

- Do you have the skills and resources to succeed in the business and market in which you operate?
- What elements essential to success are missing?
- Which of these skills and resources can you acquire by hiring employees or specialized consultants?
- Which can only be secured by bringing on a new partner?

If your needs can be satisfied in-house within a reasonable time frame, then a new partner is unnecessary. If the problem is financial, you may be better off looking for investors instead of partners. But if, after all this, there is still something missing: management skills, expertise in business development, strategic planning, then you may want to find a partner who can provide it.

Your next step should be to develop an idea of what skills and resources you want from your new partner. You should also be in a position to think about how that contribution should be formulated. Table 2 is designed to help you articulate what you are looking for in a partner.

A good approach is to profile several different candidates, interview them and select the most suitable one. Generally you should be looking for someone with complementary capabilities rather than identical skills. If you are not

sure you have the right candidate, look again or review your approach. Do not feel pressured into a decision: better to delay or change course than to undertake a serious venture with an inappropriate partner.

Industry Canada's document also identifies certain sources for help, and gives advice on how to evaluate a prospective partner and on the various key aspects of negotiating a partnership agreement.

2. Define the Partner You Want

Profile of Prospective Partner

• **Partnering Objectives** *What would you be looking for a partner to provide?*	• Market access • Familiarity with local conditions, culture and Business practices • Proprietary technology • Human resources (with specialized expertise) • Capital • Manufacturing facilities • Distribution channels • Other	
• **Partner Profile** *In which of these areas do you have needs or deficiencies?*	• Human resources • Contacts • Distribution • Financial • Knowledge of market	• Information • Operations • Marketing • Time
• **Evaluation Criteria**	• Knowledge of market • Technological capabilities • Human resources	• Manufacturing capacity • Location • Financial strength
• **Issues for Negotiation**	• Complementarity • Cooperation • Organizational compatibility • Measures to establish confidence • Approach to customer service • Financial contributions • Level of risk accepted • Reinvestment criteria • Deployment of human resources	

The Business Plan

Whether as a preliminary study or as an action strategy, the business plan is a blueprint for how the business will evolve. Planning the venture and mapping out its course will help prevent serious mistakes and identify any fatal flaws. Errors on paper are easily corrected; in real life they can be disastrous, both financially and psychologically.

The business plan deals with a number of elements. It outlines the abilities and experience of the entrepreneur. It describes the enterprise, the industrial sector and the product or service being offered. It estimates the size of the market for the product or service, projects sales for the first few years of the proposed venture, give details of the marketing strategy and sets out the requirements for human, financial and material resources. In short, it explains the business, pointing out its characteristics and indicating the detailed path that the entrepreneur intends to follow to get the business off the ground.

First, the business plan will let you analyze all the aspects of your venture, strengths, weaknesses, strategies, necessary resources etc. and it will be an excellent guide for the planning of your first months in business. This planning stage, preceding the start-up, will also allow you to test your degree of motivation (and that of your teammates), think about the kind of involvement and commitment you would prefer and assess the level of your knowledge. Secondly, it will give you a solid base for gaining the confidence of future partners (financial, management, suppliers, clients), for negotiating financial help or for obtaining any advice you will need from specialists.

This first concrete step will demonstrate the seriousness of your business proposal and show the potential of your idea to financial institutions, future suppliers and customers. You are now on the road to building a favourable image as an entrepreneur!

The composition of a business plan will be dealt with step by step in Step 3, as you take your first steps and acquire the required basic knowledge.

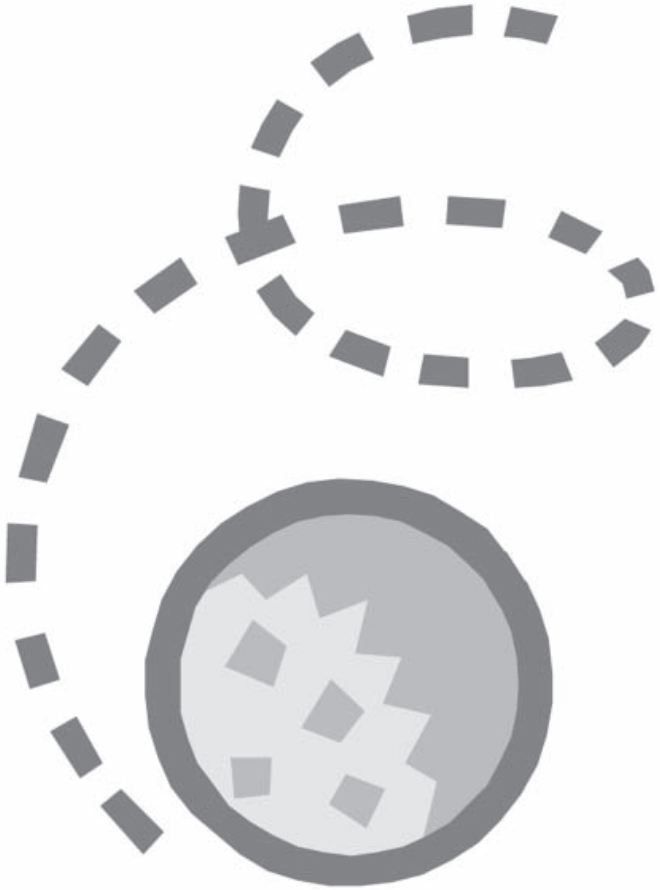
Are You Stopping ?

Now you have reached the end of Step 2. You are now more familiar with the idea of starting a business. In Step 3, you will learn how to develop and control your business plan.

But before going any further, you have a decision to make . . . that is, will you:

- **STOP RIGHT HERE** because you do not want to proceed any further;
- **INTERRUPT THE PROCESS** now in order to continue later or under better circumstances; or
- **CONTINUE**.

Remember to consult with your small business specialist. As before they will discuss your business ideas and support you where they can. Reaffirm your hopes, your dreams, your decisions – they're there to listen, to counsel, to support.



Step 3

You're ready to begin writing your business plan. As you've completed your research you have, more than likely, come across a number of templates you can use to create your plan. Check with your local Community Futures Office to determine which template might be best for you or go online to the Community Futures Website at www.cfsask.ca top of the page under Tips & Tools.

Remember to consult with your small business specialist. As before, they will discuss your business ideas and suppor t you where they can. Reaffirm your hopes, your dreams, your decisions – they're there to listen, to counsel, to support.

Step 4

One of the important pieces of information that became clear to you as you developed your business plan was how much it will cost to start your business. If the start-up costs are more than the cash you have available to invest in your business, you will need a loan to get going.

While many sources of financing exist, you need to do business with the institution and/or agency that best suits your needs. *Profit Magazine* recently provided a list of the Top Financing Tips.

Profit Magazine's Top Financing Tips (Prepared by James Dean and Grant Simons)

1. To avoid frustration you must understand the nature of banks and their long term financing strategies.

2. Find financing to suit your business. Some investors know more than others about your industry.

3. Use your contacts. Friends, family and other entrepreneurs can give you good advice.

4. Consider suppliers as sources of financing. They can extend trade credit, for example, or provide lease financing of inventory.

5. Re-examine the capital structure of your business from time to time to make sure it's still appropriate. The proportion of bank financing,

owner's equity and private investment, for example, may rise and fall, depending on the circumstances.

6. Be prepared to walk away from a deal you don't like. If it's too expensive, too restrictive, or too unmanageable, the financing may not make sense for your business.

7.Consider other ways to find financing.

8. Do you want control or do you want growth? Sometimes financing for growth comes at the cost of giving up control. Can you handle that?

9.Think about your lenders as suppliers. They need your business as much as you need your product, which in this case happens to be money.

10. Be prepared! When you meet with the various financial agencies you will be interviewed by a loan manager. Always be aware of how you will present yourself. Follow these tips to make a good impression:

Do:

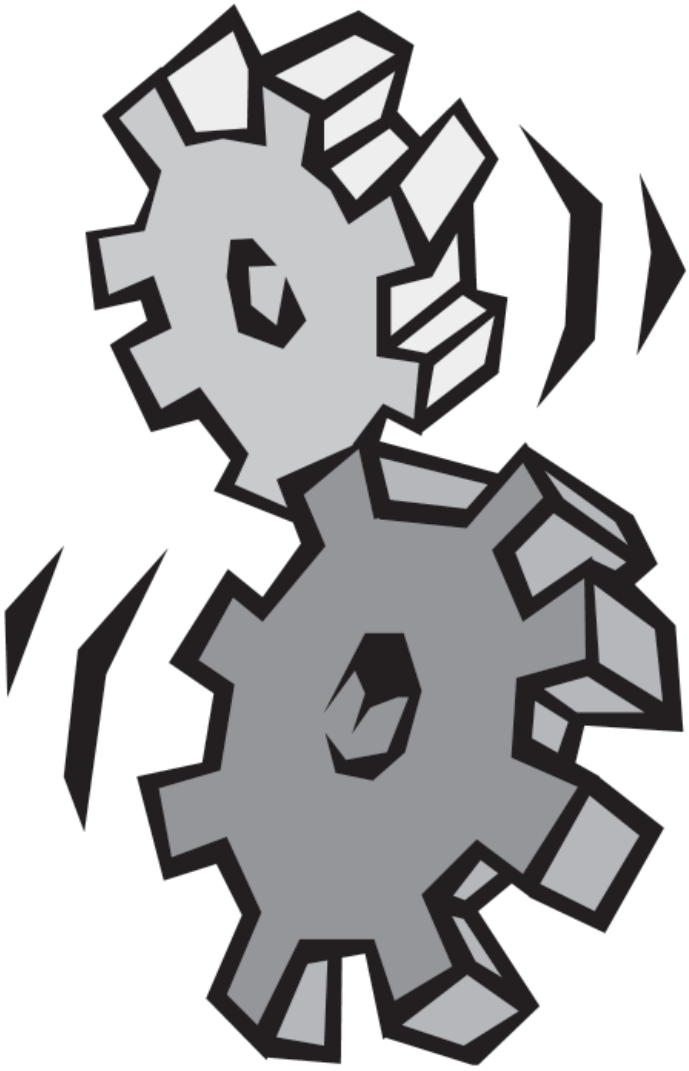
- Turn off your cell phone
- Maintain eye contact with the interviewer
- Shake hands firmly with the interviewer/ loans manager
- React to what the interviewer tells you: nod, smile
- Have a sense of humor
- Show enthusiasm and energy
- Express a positive attitude
- Pay attention and think before you answer a question
- Be aware of your posture and your tone
- Be calm and poised
- Thank the loans officer
- Dress appropriately
- Be on time
- Ask questions throughout the interview.

Don't:

- Smoke or chew gum
- Ramble
- Sit down until you are told to do so
- Criticize former loans officers
- Joke or initiate unrelated conversation
- Volunteer negative information.

Remember, a solid business plan and a prepared and positive entrepreneur are a dynamite combination.

Step 5



You Have Come A Long, Long Way ...

CONGRATULATIONS

It's Now Up To You To Ensure Your Business Remains Successful.

Don't be afraid to ask for help along the way. Your mentor, your small business specialist, your family and friends, will be prepared to help and support your decisions, your hopes and your dreams. Good luck!

Bibliography

1. MARIE QUINTY, “Cinq conditions pour réussir”, Revue Affaires Plus, February 96.

2. STEPHEN COVEY, “Les cent habitudes des gens d’affaires, Covey Leadership Center du Utha.

3. JEAN-MARC CHAPUT, “Motivateur”, Revue PME.

4. ROBERT TANGUAY, owner, Metal Supermarket of Boucherville

5. EDMOND BOURQUE, “Bâtir sa carrière . . . pour réussir”, Revue Entreprendre, November 96.

6. DENIS MAILLOUX, associated director, “les Conférences pour la différence”, Journal Économique, October 96.

7. FRANÇOIS DOUCET et JEAN-FRANÇOIS GARIÉPY, “L’art de s’apprivoiser”.

8. JOHN ANDERSON, “Le nerf de la guerre”, Revue Sélection, November 96.

9. JEAN-MARC CHAPUT, Revue PME, June 97.

10. MARIE QUINTY, Revue Affaires Plus, November 96.

11. MICHEL DUPUIS, owner, Meubles Sélection Dupuis.

12. LUC PAQUET, president, Fordex at Ville St-Laurent.

13. JEAN-MARC CHAPUT, Revue Price Costo, May-June 92.

14. JEAN-MARC CHAPUT, Revue PME, July-August 97.

15. JEAN-MARC CHAPUT, Revue PME, April 97.

16. JEAN-MARC CHAPUT, Revue PME, July-August 96.

17. JEAN-MARC CHAPUT, Revue PME, March 97.

18. WARREN GENNIS, “On becoming a leader”.

Entrepreneurial Potential Assessment Test

Read the following statements carefully and CIRCLE THE NUMBER which indicates your DEGREE OF AGREEMENT OR DISAGREEMENT with them, according to your way of seeing or doing things.

Strongly agree (1)	Agree (2)	Neutral (3)	Disagree (4)	Strongly disagree (5)

1. I am generally optimistic.
   1 2 3 4 5
2. I like doing things better than other people doing them.
   1 2 3 4 5
3. When I solve a problem, I try to find the best solution without concerning myself too much about other possible solutions.
   1 2 3 4 5
4. I like to chat with my co-workers after the workday is over.
   1 2 3 4 5
5. If I bet at the races, I'd rather take a chance on a long-shot that might bring a big pay-off.
   1 2 3 4 5
6. I prefer to set my own objectives and work hard to reach them.
   1 2 3 4 5
7. I am easy to approach and get along well with others.
   1 2 3 4 5
8. I like to be well informed about what is happening and take steps to find out.
   1 2 3 4 5
9. I work better when someone guides and advises me.
   1 2 3 4 5
10. When I know I'm right, I can convince others.
    1 2 3 4 5

11. I often find that other people make me waste precious time.

1 2 3 4 5

12. I like watching hockey, baseball and other similar sports.

1 2 3 4 5

13. I tend to talk easily and openly about myself to others.

1 2 3 4 5

14. I don't mind following orders from superiors who have legitimate authority.

1 2 3 4 5

15. I prefer developing plans rather than putting them into effect.

1 2 3 4 5

16. There's not much pleasure in betting on "sure things".

1 2 3 4 5

17. Faced with failure, I'd rather go quickly on to another activity than persevere in the situation.

1 2 3 4 5

18. I think that to succeed in business, you must commit time to family.

1 2 3 4 5

19. When I've earned something, I think it's important to protect it, to keep it secure.

1 2 3 4 5

20. Making a lot of money is mostly a matter of luck.

1 2 3 4 5

21. A problem is usually resolved better when you consider several possible solutions.

1 2 3 4 5

22. I like to impress others with my achievements.

1 2 3 4 5

23. I prefer to play a sport such as tennis or badminton with someone who is slightly better at it than I am.

1 2 3 4 5

24. Sometimes, in business negotiations, ethics and morality have to be a bit loose.

1 2 3 4 5

25. I believe that good friends should make the best subordinates in a business.

1 2 3 4 5

Evaluate your answers...

Give yourself one point for each time you have CIRCLED THE NUMBER 1 OR 2 in responses to statements:

- 1, 2, 6, 8, 10, 11, 16, 17, 21, 22, 23 and 24;

and one point for each time you have CIRCLED THE NUMBER 4 OR 5 in response to the statements:

- 3, 4, 5, 7, 9, 12, 13, 14, 15, 18, 19, 20 and 25.

TOTAL YOUR POINTS.

This "assessment" attempts to evaluate your aptitude for business and is based on a number of characteristics observed in entrepreneurs. It cannot, of course, claim to make an exact evaluation of your entrepreneurial potential, but it is a good way to find out where you stand.

21 to 25 You have great entrepreneurial potential. With such potential, it's surprising you haven't gone into business already.

16 to 20 This result shows you have definite entrepreneurial potential. However, your success in business could depend on the abilities you show and the resources you have available.

11 to 15 This result puts you in an intermediate zone. You are probably capable of going into business, but you would have to put a lot of effort and perseverance into it. Outside help and follow-up in the form of advice and encouragement would be an asset to you. Some adjustment might also be necessary.

6 to 10 Your entrepreneurial potential seems fairly weak. You would certainly have to reconsider some of your opinions, attitudes and behaviour patterns.

1 to 5 Be realistic. It would probably be difficult for you to evolve into the business world at present. You should become seriously informed about the restraints and demands of the entrepreneur's career.

Business Tasks and Activities

To what extent are you familiar with each of the following tasks and activities?

Overall management of a company	not at all...to...very familiar				
	1	2	3	4	5
• Planning	❑	❑	❑	❑	❑
• Organization	❑	❑	❑	❑	❑
• Management	❑	❑	❑	❑	❑
• Control	❑	❑	❑	❑	❑

Identify means that might make you feel more at ease with less familiar activities: _____

Financial management	not at all...to...very familiar				
	1	2	3	4	5
• Loans and advances	❑	❑	❑	❑	❑
• Bookkeeping and accounting	❑	❑	❑	❑	❑
• Managing working capital	❑	❑	❑	❑	❑
• Customer trade credit management	❑	❑	❑	❑	❑
• Tax and license management	❑	❑	❑	❑	❑
• Obtaining appropriate insurance	❑	❑	❑	❑	❑
• Preparation of budget and projections	❑	❑	❑	❑	❑
• Reviewing financial operations	❑	❑	❑	❑	❑

Identify means that might make you feel more at ease with less familiar activities: _____

Marketing and sales management	not at all...to...very familiar				
	1	2	3	4	5
• Marketing intelligence and analysis	❑	❑	❑	❑	❑
• Pricing and terms of sale	❑	❑	❑	❑	❑
• Development of marketing strategies	❑	❑	❑	❑	❑
• Preparation of advertising and media-oriented material	❑	❑	❑	❑	❑
• Business development and contacts	❑	❑	❑	❑	❑
• Sales	❑	❑	❑	❑	❑
• Communications and public relations	❑	❑	❑	❑	❑
• Research and development of a new product and/or service	❑	❑	❑	❑	❑

Identify means that might make you feel more at ease with less familiar activities: _____

_____

Human resources management	not at all...to...very familiar				
	1	2	3	4	5
• Needs assessment	❑	❑	❑	❑	❑
• Recruiting and selection	❑	❑	❑	❑	❑
• Supervision	❑	❑	❑	❑	❑
• Training and development	❑	❑	❑	❑	❑
• Evaluation	❑	❑	❑	❑	❑
• Motivation and encouragement	❑	❑	❑	❑	❑
• Managing work schedules	❑	❑	❑	❑	❑

Identify means that might make you feel more at ease with less familiar activities: _____

_____

Production management	not at all...to...very familiar				
	1	2	3	4	5
• Purchasing supplies and/or raw materials	❑	❑	❑	❑	❑
• Purchasing machinery and/or equipment	❑	❑	❑	❑	❑
• Operations management	❑	❑	❑	❑	❑
• Inventory control	❑	❑	❑	❑	❑
• Managing orders	❑	❑	❑	❑	❑
• Managing and maintaining space, machinery and equipment	❑	❑	❑	❑	❑

Identify means which that make you feel more at ease with less familiar activities: _____

_____

Marketing and sales management	not at all...to...very familiar				
	1	2	3	4	5
• Marketing intelligence and analysis	❑	❑	❑	❑	❑
• Pricing and terms of sale	❑	❑	❑	❑	❑
• Development of marketing strategies	❑	❑	❑	❑	❑
• Preparation of advertising and media-oriented material	❑	❑	❑	❑	❑
• Business development and contacts	❑	❑	❑	❑	❑
• Sales	❑	❑	❑	❑	❑
• Communications and public relations	❑	❑	❑	❑	❑
• Research and development of a new product and/or service	❑	❑	❑	❑	❑

Identify means which that make you feel more at ease with less familiar activities: _____

_____

Inventory and Personnel Plan of Action

Instructions

Under each of the entrepreneurial characteristics and skills, USE A PENCIL TO CIRCLE THE NUMBER (5 indicates the highest, 3 the average and 1 the lowest level) THAT BEST DESCRIBES YOUR CURRENT LEVEL OFPROFICIENCY with respect to the characteristics and skills demonstrated by successful entrepreneurs.

Then, in the space provided, DESCRIBE THE MEANS THAT YOU INTEND TO USE to maximize your strengths and minimize your weaknesses. This will become your personal action plan.

You should ask a person with good judgement, whom you trust, and who knows you well, to “VALIDATE” AND CORRECT” the perception that you have of yourself. In fact, eighty-four percent of people tend naturally to underestimate their capacities. And of course, when assessing the means to be taken, there are always more ideas in two heads than in one.

Independence and Self-Discipline when taking action

1	2	3	4	5	The entrepreneur loves to “be the boss”, set objectives, take initiatives, shoulder responsibilities and face challenges. The ability to become involved, to commit oneself and a strong will support the entrepreneur in the attainment of his own vision: his personal, unique way of seeing things. He especially wishes to realize his potential to the fullest, to be the master of his destiny and have complete control over his life.

Means to maximize my strengths and minimize my weakness:

Self-Confidence

1 2 3 4 5 Because he is aware of his potential, abilities and talents, he knows how to take advantage of his strengths while maintaining a healthy level of respect for his limitations. The entrepreneur is sure that he is the best in his field, or at least one of the best.

Means to maximize my strengths and minimize my weakness:

Decision Making and Problem Solving

1 2 3 4 5 He likes to make up his own mind and have the last word. He accepts the consequences inherent to decision making. His sense of observation and analytical ability help him to detect problems rapidly and quickly resolve them.

Means to maximize my strengths and minimize my weakness:

Risk Taking

1 2 3 4 5 He is definitely not a “compulsive” player. The successful entrepreneur takes moderate, calculated risks: he proceeds when he is convinced that he can win.

Means to maximize my strengths and minimize my weakness:

Flexibility and Organizational Skills

1 2 3 4 5 He is capable of accomplishing several activities and tasks at the same time, playing several different roles or switching effortlessly from one to the other. He finds organizing things easy.

Means to maximize my strengths and minimize my weakness:

Perseverance and Tenacity

1 2 3 4 5 He is no “quitter”. He finishes what he starts. He carries an idea, a project to term, regardless of the results. If the result is negative, he gains satisfaction from having really tried, and can quite easily go on to other things, without regret.

Means to maximize my strengths and minimize my weakness:

Capacity for Work and Energy

1 2 3 4 5 Work and long hours don’t bother him if he is in good health. Strong motivation and passion for his work increase his boundless energy tenfold. He “gives”, rather than “drains” energy.

Means to maximize my strengths and minimize my weakness:

Self-Control and Tolerance

1 2 3 4 5 He maintains self-control and displays a high level of tolerance, even in precarious, uncertain, ambiguous or stressful situations or when faced with people who are insecure, doubtful or hostile.

Means to maximize my strengths and minimize my weakness:

Optimism and Enthusiasm

1 2 3 4 5 By his nature, the entrepreneur cultivates positive thoughts and a winning attitude on a daily basis. He savors his accomplishments and refutes the notion of failure. Indeed, difficulties are transformed into excellent means of learning and of providing invaluable experience. He exudes enthusiasm to the highest degree and can easily communicate this state to his entourage.

Means to maximize my strengths and minimize my weakness:

Leadership and a Dynamic Personality

1 2 3 4 5 He is a natural leader. He directs action energetically and can get others to follow through on ideas, accomplish work, show respect and listen to him. His entourage have confidence in his ability to carry out a task or complete a project successfully.

Means to maximize my strengths and minimize my weakness:

A Facility for Communication, Public Relations and Sales

1 2 3 4 5 More often than not, the entrepreneur spends most of his time selling his project, his product/service/concept or his expertise.

Means to maximize my strengths and minimize my weakness:

_____

_____

Knowing Oneself

1 2 3 4 5 Comprehending his strengths and weaknesses teaches the entrepreneur greater respect for his limitations and emotional control. Understanding his interests, talents and fundamental values help him more easily to fulfill and consider personal needs and those of the company. In fact, all of the specialists in entrepreneurship agree that knowledge of oneself is the first factor, the first key to success in business.

Indeed, an understanding of self leads the entrepreneur to an enhanced perception or feeling for an ability to understand and better respond to the needs of the people that he deals with on a daily basis: customers, collaborators, employees, suppliers, business contacts.

Means to maximize my strengths and minimize my weakness:

_____

_____

Open-Mindedness and Free-Spiritedness

1 2 3 4 5 The Entrepreneur is often a realistic visionary who loves to veer off the beaten path and above all, be different from, not follow in, the footsteps of others. His innate curiosity and flair, sense of adventure, versatility and ability to adopt to change incite him to search for and use feedback, creativity and his ability to innovate to discover new solutions to problems, or again to develop new products or new ways of doing things.

Means to maximize my strengths and minimize my weakness:

Knowledge of your Sector of Activity

1 2 3 4 5

Means to maximize my strengths and minimize my weakness:

Knowledge of your Market

1 2 3 4 5 Target clientele and competition

Means to maximize my strengths and minimize my weakness:

Knowledge of Common Business Practices and of your Entrepreneurial Skills

1 2 3 4 5

Means to maximize my strengths and minimize my weakness:

Knowledge of Management Practices

1 2 3 4 5 Human and financial resources management, market introduction, operations management, inventory control, time management, etc.

Means to maximize my strengths and minimize my weakness:

General Knowledge

1 2 3 4 5 Knowledge that makes you an interesting and informed person

Means to maximize my strengths and minimize my weakness:

Entrepreneur Interview Sheet

Fact sheet for a meeting with an entrepreneur or self-employed worker

The Company

- Company name:
- Sector of activity:
- Mission:
- In operation since:

The Entrepreneur or Self-Employed Worker

- Name:
- Sector of activity:
- Is it the First Business? yes ❑ no ❑

In His Opinion, What Are...

- **the reasons why he or she decided to go into business?**

- **the qualities that an entrepreneur must possess?**

•the main problems, obstacles, disadvantages encountered?

– during the start up phase:

– in his family and social life, or among his peers:

– with respect to his or quality of life
(working hours, holidays and vacations, outings, sacrifices, physical and mental health, etc.)

•the main advantages of being an entrepreneur?

My Business Project

Please answer these questions on other sheets of paper.

1. **In a few words, describe your business plan.**

2. **Which principle products/services will you sell?**

3. **Are you aware of...**
   - the market trends forecast over the next three years in your sector of activity?
   - elements that might favor starting up business in this sector of activity?
   - deterrents or obstacles that might pose a threat to you?
   - whether your product/service/concept: corresponds to a real consumer need?
   - it can be differentiated from similar products/services/concepts?
   - it will feature particularities/unique properties?
   - it appeals to one or several categories/types of targeted clientele?
   - it will be accessible to the targeted clientele?
   - it may be sold at a competitive price?
   - your customers will be sufficient in number and provide enough sales volume to ensure your business plan's viability and profitability?
   - you will face competition/serious rivals?
   - where your place of business will be located?
   - your financial needs to start up in business?
   - you have the means to invest personal funds to start up your business?
   - the date upon which you plan to start up your business?

4. **Have you prepared your personal balance sheet?**

How to Start a Business

How would you go into business?

- Start up a new company ❑
- Buy an existing company ❑
- Buy a franchise ❑

Would you do it...

- Alone, or ❑
- With others ❑
- If such is the case, please indicate their names and append their résumés.

Which legal form of the business would you choose?

- Limited company ❑
- Sole proprietorship ❑
- Partnership ❑
- Cooperative ❑
- Other, specify ❑

Start-up Cost Worksheet

List the costs you will incur at the initial start-up phase of your business.
Researching this information will help you plan the next step . . . finding the start-up funds.

Uses of Funds

Capital Expenses	Building	
	Land	
	Vehicles	
	Equipment	
	Furniture & Fixtures	
	Other _____	
Working Capital Expenses	Insurance	
	Initial Inventory	
	Professional Fees	
	Rent	
	Payroll	
	Advert sing	
	Other _____	
Total Uses of Funds*		

Sources of Funds

Community Futures	
Bank / Credit Union	
Vendor Financing	
Owner Contribution	
Investor Contribution	
Other _____	
Total Sources of Funds*	

*** Total Uses of Funds = Total Sources of Funds**

Community Futures Saskatchewan

Markup vs Margin

When you're developing your pricing strategy, projected financial statements or even calculating financial ratios on your past year's performance, you're going to hear the terms markup and margin. Two important terms, with very different meanings.

These are two terms you do not want to mix up!

Markup refers to the profit made from a good/service, related to it's cost.

As a percentage, markup is calculated as: $\frac{\text{Selling Price - Cost}}{\text{Cost}}$

Here's an example:

Product Cost = $ 700 Selling Price = $1000

Markup = $\frac{\$1000 - \$700}{\$700}$ = 42.9%

Margin refers to the profit made from a good/service, related to its selling price.

As a percentage, margin is calculated as: $\frac{\text{Selling Price - Cost}}{\text{Selling Price}}$

Let's apply this calculation to the last example:

Margin = $\frac{\$1000 - \$700}{\$1000}$ = 30%

So we can see that **Markup** and **Margin** are very different, and can't be used interchangeably in calculations! Here's a quick-reference markup vs margin chart:

Markup %	Margin %
10	9.0
20	16.6
25	20
30	23
35	25
40	28.5
45	31
50	33.3
55	35

Markup %	Margin %
60	37.5
65	39
70	41.1
75	42
80	44.4
85	45
90	47
95	48.7
100	50

Developed in partnership with

Community Futures Development Corporations within Saskatchewan

With support from

Community Futures Entrepreneurs with Disabilities Program