



Starting Your Business

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Creating a Business Plan

All good businesses start with an original idea. From the initial concept through to the completed business plan, First Credit Union can help you get your idea off the ground.

It Starts with an Idea

All good businesses start with an original concept or idea, but sometimes your original idea doesn't make the money that you imagined. The idea may need some slight adjustment or even a major overhaul. What seems like a good idea one day may not be such a good idea after time passes. Remember, the marketplace changes constantly and to be successful in business you must always keep coming up with new ideas.

Look Before You Leap

Before you take your idea to the next stage of development, it's crucial to analyze it from all possible angles to make sure you've thought of all possible scenarios. There's a lot of information and research available to you on market trends and other issues. A failed business can cost you a lot of time and money; it pays to do your homework.

Preparing a Plan

The final step before launching into action is to create a thorough business plan. This plan should be a summary of what you want to achieve with your business.

A well-written business plan can be very helpful to you on many levels. Firstly, it allows you to accurately determine the amount of money you'll need to start your venture and when you'll need it by. It will also help you to set short and long-term goals. These goals can be invaluable while getting started, and can also act as a reference guide to see if your business is on track as time passes.

Another advantage of a solid business plan is that it makes it easier for potential investors or lenders to see that you are organized and have thought things through completely. This demonstrates that you have good business management skills and are therefore a much safer bet with their money.

Lastly, and perhaps most importantly, a business plan allows you to identify your market, your customers and your competition. It can help you gain a competitive advantage and determine what strategies will drive you to succeed.



Legal Considerations

There are countless legal issues involved in starting a new business. Make sure you consider your options carefully. First Credit Union can help you make the choices that are right for you.

After Your Business Plan

You have an idea and a plan to make it profitable. But there are countless legal issues involved in starting a business and the choices you make can be the difference between success and failure.

Protecting Your Ideas

You probably know that it's essential to get a Patent for any invention that will be exclusive to your business. You may also need a Trademark, Copyright or Industrial Design to protect any original words, symbols, photographs, etc. Make sure you legally protect all of your ideas from being copied by others.

The Three Types of Business

The next step is to decide on, and develop, the type of business that's best for your idea. The simplest kind of business to set up is a proprietorship. This is where you are the only person involved. You run the business and you keep all profits and assume all losses. It's an inexpensive way to begin, but it can be difficult to raise start-up capital if you do need it.

A partnership may work better for your project. It's a good way for two or more people to combine abilities and knowledge to run a business. A partnership agreement needs to be established, but it's still fairly easy to set up, and there can be additional sources of money to rely on.

Incorporating is the most expensive and most difficult type of business to start. The advantages, once it's set up, are the ease of getting capital and the possibility of being involved while maintaining limited liability.

Buy-Sell Agreement

What happens to your business if you pass away? A buy-sell agreement enables the business you start to keep going. It can ensure that your family will not be burdened with outrageous taxes and that the money they were counting on from the business will be there for them to use in the future. You'll need an attorney to help you set up a buy-sell agreement. In fact, it's strongly suggested that you talk to a lawyer before making any of these major decisions about starting your new business.



Using Advisors

Starting a new business, especially a successful one, can be difficult. Let First Credit Union advise you on some different ways to smooth the road ahead.

Getting Legal Advice

At First Credit Union, we know how hard it is to start a new business, especially if it's your first. But don't worry; there are people and organizations out there who can help.

It's strongly advised that you consult a lawyer or legal accountant before making any major decisions about starting your new venture. They can help make sure that you meet all the necessary legal requirements before you begin. Be selective in choosing a lawyer. Make sure that he or she is knowledgeable about the type of business that you wish to begin, and able to provide all the services you'll need.

Financial Consultants

When starting a new business a financial consultant can help you raise start-up money or venture capital. A consultant can also assist you in putting together a strategic business plan for the future growth of your company. One final thing a consultant can do is making you aware of all the various taxes and insurance payments you'll be required to pay annually.

Employment Agencies

An agency will have access to a lot more potential employees than you will when first starting a business. For a fee, you can tell them how many people you are looking for, with which specific skills, and they can put the appropriate parties in contact with you.

Payroll Assistance

It may be a good idea to hire a payroll firm to process your payroll instead of hiring a full time accountant and human resource specialist. You can get competitive quotes from national and local companies that provide full service payroll and employee benefits administration.

Starting up a business can be a very time-consuming and stressful event. Hiring the right lawyer and a good financial consultant can take a lot of the worry out of the whole process. Using an employment agency or a separate payroll firm can free up a lot of your time so you can concentrate on the more personal aspects of running your new business. And if there's anything First Credit Union can do to help, just ask.



Regulatory Bodies

From incorporating a new company to filing your tax returns, there are a number of bodies that regulate how you do business. Let First Credit Union save you some valuable research time by introducing you to a few of them.

Organizations You Need to Know

Whether you're planning on being a sole proprietor or on heading a large corporation, if you're starting a new business you'll need to contact a variety of regulatory bodies. There are several different organizations existing on the federal, provincial and municipal levels. First Credit Union can help you find the information you need to contact them before you begin any new project.

What's In a Name?

If you plan on operating your business as a proprietorship, partnership or limited company, you'll have to register the name with your provincial Corporate Registry. This makes sure that you aren't using a name already in existence. There are registration locations throughout each province.

Getting a Licence

Municipalities require you to obtain a licence for the location of your business. You may also need separate licences if you conduct business in several municipalities, as well as licensing for any commercial vehicles. Any kind of licensing will include fees, and the fees can vary from place to place.

There are dozens of other federal and provincial licences that you may require depending on the type of business you're in. For example, if your business is food service related, you'll have to become familiar with the Food Inspection Act as well as several other acts that will apply to you. Make sure that you have all applicable licences for your business before you begin.

Taxes

Become familiar with how you are required to file Federal Income Tax as a business person. If you are sole proprietor, you must file a personal income tax return once a year. If you are in a partnership, you are only taxed on your share of the income the business makes each year. A corporation must remit taxes every month, as well as file an annual corporate income tax return.

If you are buying goods for retail or wholesale you must apply for a Social Service Registration Certificate; if your annual revenue is more than \$30,000, you also need to register for the Federal Goods and Services Tax. For full information on taxes, and how they apply to your business, contact the [Canada Customs and Revenue Agency](#).



Determining Capital Needs and Sources

Money. You're going to need it if you want to get started. Whether you're seeking venture capital or simple operating loans, First Credit Union can help you find the money you need to get things rolling.

Financing Your New Business

From a lemonade stand on the corner to a brokerage house in the downtown core, every business needs capital to get started and to continue operating. Described below are the four basic types of financing you should be aware of.

Venture capital (Equity or Shareholders' Loans) - Equity is money paid in exchange for partial ownership of the company. There is no obligation to repay Equity-the investor has bought a share in the profits. A shareholder loan is money loaned to the business by a shareholder. Both equity and shareholder loans create leverage which is the ability of the business to attract other loans and investment.

Capital asset financing (Term Loans) -Term loans are used to purchase fixed assets required by the company, such as office equipment, vehicles, etc. A percentage of the value of the assets purchased then acts as security against the loan until it is repaid.

Operating loans are used to cover wages, rentals, inventory costs and other expenses in advance of collecting revenues to pay them. The lender will use a percentage of your accounts receivable as security against an operating loan. Operating loans are essentially a series of pre-approved, monthly 'term loans' that save you from having to constantly negotiate new loan terms.

Bridge capital financing is a form of loan intended to 'bridge the gap' between the due date of a payable and the date a specific receivable is anticipated. The receivable itself is the security for the loan. Bridge financing is typically reserved for low-risk situations.

Loan Privilege

Lenders invest in a business based on, among other factors, your financing plan. If you were to use a term loan to cover wages or inventory costs, you would violate the integrity of your plan. Investors would lose confidence in you, making it difficult to get further financial support. Even worse, your business may fail.

Let Us Help You

At First Credit Union, we believe that your business is our business, and we'd like to help you succeed however we can.



Using a Home Office

Home offices are great for some businesses and not so great for others. Let First Credit Union point out a few of the pros and cons of working from home.

Working from Home

At some time or another, you've probably imagined what it would be like to work from home. The gurgle of the coffee machine wakes you. You take the time to linger over a couple of cups while reading the newspaper in your housecoat. You check your day's agenda and make a few phone calls. With no one to interrupt you, you manage to get most of your work done by early afternoon. Maybe you take a shower, throw in a load of laundry, and head to the bank during the mid afternoon lull.

No commute. No rush. No distractions. No boss. What could be better?

The fact is that while working from home definitely has its advantages, there are disadvantages too. Will you be able to perform all the day-to-day tasks necessary for running your business from home? Do you have the space available to conduct business meetings if necessary? Are you sure you won't be more distracted by small chores at home than you would be by co-workers in an office?

These are questions that only you can answer. But if you do decide that working from home is right for you and your business, then you can look at the other benefits of having a home office.

Home Office Benefits

The main benefit of working from a home office lies in tax write-offs. You will be able to write-off a portion of your rent or mortgage payment based on how much room is dedicated as office space. You'll also be able to write off a percentage of your utility payments such as phone, electric, water and internet service.

Depending on the specific nature of your business, there may be many other things you can write off as well. A designer, writer or photographer may be able to write off magazine subscriptions. An interior designer who showcases their own home may even be able to write off a portion of home renovations.

In any case, you should strongly consider hiring an accountant to help you. The amount of money you personally save through effective accounting can make a big difference in your income, especially during the early years of a new business.



Hiring Employees

At First Credit Union, we know that employees are an important investment in your business. From hiring and managing to implementing a payroll plan, they're an investment worth protecting.

You're the Boss

Most businesses need employees to help with day-to-day operations. While hiring employees can certainly make it easier to get all the work done, having even a single employee can make operating your business more complicated.

At First Credit Union, we want to help you understand these issues because, as an employer, you are strengthening our community by creating jobs for others.

Hiring for the Needs of Your Business

Before hiring, determine how many employees you need and what specific jobs must be filled. Hiring the right number of employees is critical, especially during the early years of your business. If you hire too many employees, you may not be able to pay them; too few and you may not be able to meet the demands of your customers.

Legal and Financial Issues

Before you can pay your employees you'll need to set up a payroll plan and create a payroll account. You'll need to make deductions from their paycheques for income tax, employment insurance and federal pension plans. You also have to pay Worker's Compensation costs to protect your employees in the event that they are injured while on the job. Because of the many new issues involved, you should seriously consider hiring a professional accountant or outsourcing your payroll to a payroll administration company.

Effective Management

In order to effectively manage your employees you'll need to establish work rules and policies. Maintain an open dialogue with all of your employees, and be prepared to discipline employees should they break with your policy. All of these rules, and any disagreements arising from them, should be recorded in order to prevent your company being held liable for the actions of an employee.

The importance of managing your employees can't be overstated. Your employees aren't merely extra sets of hands; they are an investment in your company. If your employees are happy, and enjoy their work, they'll do their jobs more effectively. If they appreciate your business, its aims and policies, they're more likely to remain your employees for a long time.



Other Business Resources

From starting the smallest backyard business to building a global corporation there's a lot of information out there to help you. Let First Credit Union get you started on the right path.

Where Can I Learn More?

There are many resources available to someone starting a business. Whether you want to begin a small mail-order business out of your home or start a multinational corporation, there's plenty of free information at your fingertips.

The internet is an invaluable resource to anyone in business. You can find out about consumer trends and get up to date market analyses, which will be able to help you plan your business and assess your market. Learn how to obtain funding for your project from the government or private resources.

Another great advantage to using the internet in starting your business is that many of the legal registrations and applications are available online. Filing forms electronically can save you time.

One thing to be careful of when researching online is that you focus your search on the right region and get the information that's relevant to you. The internet is international, so what applies in one province or country, may not apply in another.

Government agencies have information packages available to help you as well. Contact them and they can mail you what you require. First Credit Union can also assist you with various aspects of your new endeavour. Come and talk to us before you begin.

There is a lot of material out there to help you start your business. Use it. Your competition will.