



YOUR GUIDE TO SMALL BUSINESS



CONTENTS

Your **Guide to Small Business** is designed to help you start and grow your business. It will help you identify the steps you need to take before, during and after launching your small business.

BECOMING AN ENTREPRENEUR 01

Starting a business is challenging. Certain traits and skills improve your chances of success.

GET ADVICE 02

Additional resources to help you plan and grow your business.

BUSINESS STRUCTURE AND LICENSING 04

Depending on how your business is structured, you may need to register your business to operate in Ontario.

DEVELOP A BUSINESS PLAN 06

Writing a business plan is an essential step towards starting your own business.

CONDUCT MARKET RESEARCH 07

Market research helps you understand the industry and the market your business will operate within.

WRITE A MARKETING PLAN 08

A marketing plan is a powerful tool to identify opportunities to make your business profitable.

REVIEW REGULATIONS 09

All businesses, large and small, are subject to certain laws and regulations.

UNDERSTAND TAX REQUIREMENTS 11

You are responsible for charging, collecting, and remitting the appropriate taxes when you operate a business in Ontario.

CREATE A FINANCIAL PLAN 13

Assessing the cost of establishing and running your business helps you determine how much capital you need.

ESTABLISH AN ONLINE PRESENCE 14

A compelling website will increase customer interest and potential sales.



Courtesy of City of St. Catharines

BECOMING AN ENTREPRENEUR

01

Small businesses represent an important segment of Ontario's economy. Every year, thousands of Ontarians launch their own businesses and enter the world of entrepreneurship.

Entrepreneurship is an exciting and rewarding career option. Entrepreneurs are agents of change. They see problems and challenges as opportunities. They act on ideas to take advantage of these opportunities and mobilize resources to create a new product or service.

Entrepreneurs come in many forms. Some are main-street based, interested in providing goods or services within their community. Some are looking to grow their business. Some want to balance earning a profit with making a positive social impact.

Entrepreneurs are found in doctor's offices, technology start-ups and social enterprises. These types of entrepreneurs are all different, but each can benefit from a network of support to start or build their own businesses.

The [Ontario Network of Entrepreneurs \(ONE\)](#), one of the most comprehensive entrepreneurship ecosystems in North America, provides support for a start-up or a business you want to grow. With over 90 locations across Ontario, ONE members offer tailored programs, services and resources to assist Ontario's entrepreneurs.

The less time you spend finding and accessing programs and services, the more time you have to focus on the business of running your business.

This guide is your first step to starting and operating your business.

TOP 10 TRAITS OF AN ENTREPRENEUR

- self-confident
- independent and self-motivated
- ambitious
- self-disciplined and organized
- resourceful
- flexible
- thorough
- hard-working and committed
- realistic
- determined and persistent

Complete this [self-assessment](#) to see if entrepreneurship is a good fit for you.





02 GET ADVICE

ONE

The [Ontario Network of Entrepreneurs](#) (ONE) offers many services to help an entire range of business clients — from main street businesses to technology-based innovators and from local shops to global operations.

Small Business Enterprise Centres deliver programs and services to “Main Street” entrepreneurs looking to start or grow small businesses.

Regional Innovation Centres help new and existing technology-based businesses commercialize their products and grow their businesses.

Business Advisory Services assist business owners to strategically grow their companies.

This network of regional centres will provide you with a full spectrum of resources for planning, launching or building your business. You can also connect with in-person expertise, online business support, and successful entrepreneurs to mentor you.

ADDITIONAL RESOURCES

[ServiceOntario](#) is an information hotline for all Government of Ontario services.

[Canada Business Ontario](#) also provides relevant information to help Ontario entrepreneurs get started on the road to building a successful business. Call CBO at: **1-888-576-4444**

Use the [Enhanced Business Name Search](#) to see if a business name has been registered with the Ontario government.

[BizPal](#) is a one-stop online resource that gives individuals access to a list of all licenses and permits required from all levels of government in order to start and operate a business.

[Futurpreneur Canada](#) supports young entrepreneurs throughout every stage of their businesses by providing expertise, financing, mentoring and business resources.

[Industry Canada](#) has a listing of Canadian programs and services for business.

DATABASE AND DIRECTORIES

For buyers to find suppliers: ThomasNet
www.thomasnet.com

To find global industrial products, suppliers or a company by name: www.globalindustrial.ca

To search for Canadian industrial and manufacturing products and services: Canadian Trade Index
www.ctidirectory.com

An industrial products search engine:

Fraser’s Canadian Trade Directory www.frasers.com



IMPORT AND EXPORT RESOURCES

[Canada Border Services](#) provides a step-by-step guide on how to import commercial goods into Canada.

[Canadian Food Inspection Agency](#) can provide you with information on Good Importing Practices (GIP).

[Export Development Canada \(EDC\)](#) provides Canadian exporters with financing, insurance and bonding services as well as foreign market expertise.

[Foreign Affairs and International Trade Canada](#) provides you with information to learn about the country to which you are planning to export.

[Ontario Ministry of Economic Development, Employment and Infrastructure](#) has information for firms looking to identify new market opportunities and find new customers in key markets worldwide.

[The Canadian Trade Commissioner Service](#) has a step-by-step guide to help you learn about the world marketplace and how your company can do business there. It concentrates on the overall principles of exporting and describes the processes that businesses commonly use to develop export strategies tailored to their needs.

OTHER

[Entrepreneur Magazine](#) provides information and tips for entrepreneurs.

[Standard Council of Canada](#) provides information on standards and technical requirements that may apply to your products.





04 BUSINESS STRUCTURE AND LICENSING

Once you have decided to start a business, you will need to determine the structure of your business. There are several types of business structures depending on whether you will run the business yourself or in partnership with other individuals.

FORMS OF BUSINESS ORGANIZATION

1. SOLE PROPRIETORS

Sole proprietorships are defined as an individual running their own business venture. While sole proprietorships can be relatively easy to operate, it should be noted that the owner is personally liable for all business debts.

Sole proprietorships can be registered through [ServiceOntario](#).

Your local [Small Business Enterprise Centre](#) can also help you register your business.

If you operate your business using your first and last name only, you do not have to register your business.

2. PARTNERSHIPS

Partnerships can be verbal or written agreements between two or more parties or complex agreements between individuals, corporations, partnerships or other business structures.

Regardless of the partnership type, each partner is entitled to share in the profits or may incur losses.

Contributions to a partnership can vary. Some partners may contribute financially while others may contribute skills, labour, property or a combination of these. The partnership agreement should be clearly described and documented to ensure the success of the partnership.

You can register your partnership through [ServiceOntario](#) or with your [Small Business Enterprise Centre](#).

For questions regarding registration, call ServiceOntario at: 1-800-565-1921.

3. CORPORATIONS

Corporations are a separate legal entity owned by shareholders. Liability is held by the corporation not the shareholders. Owners transfer capital and in return they receive a stake in the corporation called shares.

Corporations are more complex to establish and involve filing a [NUANS name search](#) to assess the availability of the new proposed corporate name.

You may incorporate your business either provincially or federally.

Provincial Incorporation

[ServiceOntario](#) or call at: 1-888-745-8888.

Federal Incorporation

[Corporations Canada](#) or call at: 613-941-9042.

TIP: It is useful to get professional advice if you are interested in incorporating your business.



4. CO-OPERATIVES

A co-operative is a corporation that is organized and controlled by its members. It can be set up to operate as either for profit or not-for-profit. Just like a corporation, it can be registered provincially or federally and comes with its own advantages and disadvantages.

Co-operatives have limited liability and the profits are distributed among members. Co-operatives are democratically controlled (one member, one vote). Conflict is resolved among members.

Click on [co-operatives](#) for additional information or call Canada Business Ontario toll-free at: **1-888-576-4444**.

SOCIAL ENTERPRISES

A social enterprise is an enterprise that uses business strategies to maximize its social or environmental impact. The structure of a social enterprise can take many forms: sole proprietorships, partnerships, corporations, cooperatives or not-for-profit corporations.

LICENSING REQUIREMENTS

A license may be required from either the municipal, provincial and/or federal government depending on the nature of your business.

Municipal licenses are issued for zoning, trades, local health inspection, etc. Contact your local municipal office for further information.

It is usually the Building and Licensing Division that issues and administers municipal licenses and other regulations.

Some provincial licenses are issued only after you have passed an examination, for example trade qualifications, liquor licenses, day care license, etc.

Federal licenses typically relate to food labelling, imports, exports, etc.

Ontario has almost 10,000 social enterprises, employing an estimated 160,000 people. To learn more, click on Ontario.ca/SocialEnterprise





06 DEVELOP A BUSINESS PLAN

Writing a business plan is an essential step towards starting your own business. Your chances of success increase by considering every aspect of your business.

The [Small Business Enterprise Centres](#), part of the Ontario Network of Entrepreneurs, can help you develop a business plan.

WHAT IS A BUSINESS PLAN?

A business plan is a roadmap that you can gauge your success against.

It should be concise, complete and professional looking. A clear picture of your idea will help you determine if you are ready to start a business.

A typical business plan answers the following questions:

- What will your business do? What products/services will it provide?
- Where will it be located? What geographic regions will it serve?
- How will it run on a day-to-day basis?
- How will it compete successfully in its industry?
- How will you market your products or services to attract customers?
- What are your financial projections for income and expenses? What is your personal financial status?
- What are the business risks and how will you manage them?

A simplified business plan template, with its various components, is provided in Appendix A to help you formulate your business idea.

WHEN SHOULD YOU PREPARE YOUR BUSINESS PLAN?

The sooner, the better. Starting your plan will help you to fully research and evaluate your idea. Also, potential investors, including banks, will want to see a written summary of all the activities of your proposed business.

WHO SHOULD PREPARE A BUSINESS PLAN?

You! Business plans are best prepared by the person launching the business. Think through the elements of your business plan thoroughly to have a good understanding of what you need to do to be successful.

Show your business plan to others to get their advice. Assistance from experienced business people can be helpful. Talk to successful entrepreneurs, your banker or accountant. Be prepared to revise your first draft.



CONDUCT MARKET RESEARCH

07

Market research is the foundation of your business plan — it helps you understand the industry and the market that your business will operate in. It also helps you test the viability of your idea. Good market research gives you industry details, including in-depth information on your potential clients, your suppliers and your competitors.

Your local Small Business Enterprise Centre has free resources to help you with your market research. Or visit [Canada Business Ontario](#).

Your market research should answer the following questions:

- Who are your customers? Consider age, gender, marital status, income, background, location, occupation, lifestyle, values, family life, education, etc.
 - What do your customers want? What are the features and benefits they want from you or your product?
 - When do your customers buy? Is it daily, weekly, monthly, seasonally or occasionally? Are there any seasonal or cyclical trends?
 - How do your customers buy? Do they shop around for the best price? Do they buy using cash or credit? Do they read or listen to advertising?
 - Why do your customers buy? Is it for investment, status, pride of ownership, fashion or impulse?
 - Where are your customers located?
- How big is your target market? Consider the number of potential customers, annual purchases of products or services, geographical area and anticipated market growth.
 - What are your market share projections? How much of the market are you planning on capturing?
 - What are the consumer/customer trends? Who is the decision maker for purchases?





08 WRITE A MARKETING PLAN

A good marketing plan is a powerful tool to identify opportunities to make your business profitable. A marketing plan focuses on price, product, place, promotion, packaging and positioning (six P's). Make sure your marketing plan makes sense and flows from the information you gathered in your market research.

Turn your marketing plan into a "living" document to guide how you will communicate with your clients, market your products or services, gain market share and strengthen your brand.

PRODUCT/SERVICE OFFERINGS

- What are the product(s) and/or service(s) you are selling?
- What are the unique or innovative features?
- What is the variety and quality of the product(s) and service(s) you are selling?
- Are they consistent with your business image?
- Are they consistent with consumer preferences?

PLACE

- Where will you be located? Where will you be selling?
- Is your location important to your customers?
- Is your location consistent with your image?
- Does your location provide exposure, convenience and professionalism?

- How will you get your product(s) and/or service(s) to the market?

PRICING & MARK-UP STRATEGY

- What is your pricing strategy?
- How do you plan to price yet remain competitive?
- Are you going to offer discounts and, if so, what is your discount structure?

PROMOTION

- How are you selling your product(s) and/or service(s)? How are you advertising?
- What are your promotional objectives?
- How much will these promotional activities cost?
- What is the timing of these promotional activities?

PACKAGING

- What message do you want your packaging to convey?
- How will you package your product and/or service? What image do you want to portray?

POSITIONING

- Why will customers go to your business rather than to the competition?



REVIEW REGULATIONS

09

All businesses, large and small, are subject to certain laws and regulations. Some are enacted by the local municipality, some by the provincial government, some by the federal government and others by regulatory bodies set up to ensure that products and services offered for sale conform to required safety and other standards.

Below are regulations that may apply to your particular business:

EMPLOYMENT STANDARDS

The Employment Standards Act sets out the minimum standards that employers and employees must follow and covers hours of work, minimum wage, overtime pay, vacation pay and mandatory statutory holidays. For more information, call the Ontario Ministry of Labour – Employment Standards Program Information Centre at: **1-800-531-5551**.

PAYROLL DEDUCTIONS

Employers are required to deduct and remit to the Canada Revenue Agency their employees contributions to the Canada Pension Plan (CPP), Employment Insurance (EI) and Personal Income Tax, where applicable. For more information call the Canada Revenue Agency, Business Enquiries Line at: **1-800-959-5525**.

Self-employed persons must remit their CPP contribution and Personal Income Tax.

For more information or to receive the Canada Revenue Agency Employer's Kit call: **1-800-959-5525**.

If you are self-employed, you may also be eligible to register for Employment Insurance Benefit. Visit: <http://www.servicecanada.gc.ca/eng/sc/ei/sew/index.shtml>


WORKPLACE SAFETY AND INSURANCE BOARD

If you employ workers on a full-time, part-time or temporary basis in an industry or business covered under the Workplace Safety and Insurance Act, you must register with the Workplace Safety and Insurance Board (WSIB) within 10 days of employing your first worker.

It is voluntary for self-employed persons to contribute to the Workplace Safety and Insurance Board.

Contact the nearest WSIB office to obtain a registration kit, which includes information on assessments, coverage, accident reporting requirements and appeals procedures. Call the Board at: **1-800-387-0750** or visit <http://www.wsib.on.ca/>.





10 If you are in the construction industry, it is mandatory to register with WSIB. If you work specifically with the homeowner and not with commercial contractors you still need to register with WSIB and get an exemption certificate. Refer to WSIB for more information.

INSURANCE

Although business insurance is not mandatory, it is recommended that you consider business insurance. Some of the types of insurance available include: liability, building, contents, business interruption, marine cargo, employee injuries, miscellaneous coverage, automobile insurance and home-based business insurance.

If you operate a home-based business, you should review your home insurance policy for its home-based business clause. If you plan to use a vehicle owned by you or a family member for business activities, be sure to inform your vehicle insurer. They may request an additional premium for your business use.

FOOD SERVICE/PREPARATION REGULATION

Any company engaged in the processing, preparation or servicing of food must comply with the Ontario regulations of the Health Protection and Promotion Act. Contact your local municipal office.

FOOD AND DRUG PRODUCTS

The Canadian Food Inspection Agency regulates food labelling, advertising and quality, as well as the inspection of drug formulation and manufacturing. You can call the Canadian Food Inspection Agency at **1-800-442-2342**.

PATENTS/TRADEMARKS/COPYRIGHTS

For general information on patents, trademarks, industrial designs and copyrights call the Canadian Intellectual Property Office at: **1-866-997-1936**.

TRADE CERTIFICATION

Certain Ontario trades require compulsory certificates to safeguard against unqualified competitors for a particular trade. These include auto body repairer, electrician, fuel and electrical system mechanic, hairstylist, hoisting engineer, motorcycle mechanic, motor vehicle mechanic, plumber, refrigeration and air-conditioning mechanic and steamfitter. For further information call the Ontario College of Trades at: **1-855-299-0028**.

FOOD PRODUCT AND CONSUMER PRODUCT SAFETY

[Labelling Regulation – Canada Food Inspection Agency](#) enforces Canada's fair packaging and labelling laws — checking labels for accuracy in product identity, contents, weight, purity and grade, as well as nutritional labelling and health claims. They verify that the information provided to consumers is truthful and not misleading, enabling them to make informed food choices.

[Consumer Product Safety – Health Canada](#) helps protect the Canadian public by researching, assessing and collaborating in the management of the health risks and safety hazards associated with many consumer products that Canadians use every day.



UNDERSTAND TAX REQUIREMENTS

You are responsible for charging, collecting and remitting the appropriate taxes when you operate a business in Ontario. Your business type, location and legal structure will determine which taxes will apply to you and what you will need to submit.

BUSINESS NUMBER/HST

Your Business Number is assigned by the Canada Revenue Agency for tax purposes. It is your account number for dealing with the federal government regarding taxes, payroll, import/export and other related matters. You must register for a business number if you plan to hire people or if you are importing or exporting products or services.

If you sell goods and services in Ontario, you may need a business number to charge, collect and remit the Harmonized Sales Tax (HST). For more information, call the Canada Revenue Agency, Business Enquiries Line at: **1-800-959-5525**.

A Business Identification Number (BIN) is a nine digit business identifier number used to identify provincial business accounts. It should be used for communications with the Ontario government about your business.

CHARGING SALES TAX OUTSIDE OF ONTARIO

When you sell products or services to customers that are located in other provinces, territories or countries, you may be required to charge taxes based on their location. Regulations

may also vary depending on the method of selling (e.g., online sales, mail orders, phone orders). For more information on the tax requirements for selling to non-Ontario customers, contact the appropriate tax office for the province, territory or country where your customers are located.

EMPLOYER HEALTH TAX (EHT)

If your business is permanently located in Ontario, you are required to pay EHT on payroll paid to employee wages, unless your business is exempt. In general, the first \$450,000 (as of January 1, 2014) of your annual payroll may be exempt from EHT. If you are a private sector employer (including a member of an associated group of employers) with total Ontario remuneration of over \$5 million, you are not eligible for the exemption.

You can get more information on the EHT requirements by contacting ServiceOntario at: **1-800-267-8097**.

MUNICIPAL TAXES

Each municipality sets tax rates that may apply to your business, including tax rates for commercial property. Depending on your location and the types of products or services you are offering, different municipal taxes could apply to your business. To learn more about local tax requirements that will affect your business, contact your local municipal tax office.

You can find your local tax office online at [Association of Municipalities of Ontario](#).





12 TAX ACCOUNTS

To help you manage your business tax accounts, the following services are available from the federal and provincial governments:

[My Business Account](#)

You can register for a business account, which will give you online access to your Canada Revenue Agency account, including HST, payroll, corporate income taxes, excise taxes and excise duties.

[ONT-TAXS](#)

You can get Ontario tax information and manage your tax accounts through the Ontario Ministry of Finance's Ontario Tax Services (ONT-TAXS). You can also set up a secure account online, or access information through the ONT-TAXS toll-free number at: 1-866-ONT-TAXS (1-866-668-8297).

[TAXPAYER BILL OF RIGHTS](#)

There are taxpayer rights and commitments that may apply to you as a small business owner. Learn more by reading the Canada Revenue Agency's Taxpayer Bill of Rights.

[TAX RETURNS AND TAX RECORDS](#)

You are responsible for filing and keeping accurate tax records and making them available to the [Canada Revenue Agency](#) and [Ontario Ministry of Finance](#) if requested.

[Reporting Self-Employed Income](#)

If you are self-employed, or if your business is a partnership, you are responsible for including your

business income and expenses on your personal income tax return. You must report your business income on your T1-General income tax return. Business expenses that you are claiming should also be included. Contact the Canada Revenue Agency for more information on reporting business income and expenses, including a complete list of the required forms at: **1-800-959-5525**.

[Reporting Corporate Income](#)

Corporations have requirements for filing taxes that differ from those for sole-proprietorships and partnerships. If you own or operate a corporation, you will be required to file a separate corporate income tax return with the Canada Revenue Agency. For more information call: **1-800-959-5525**.

[Payroll Deductions](#)

When your business employs people, you are responsible for remitting payroll deductions. For more information on payroll deductions contact the Canada Revenue Agency at: **1-800-959-5525**.

All employers in Ontario are required to keep [records](#) about each person they hire.



CREATE A FINANCIAL PLAN

It is essential to assess the cost of establishing and running your business to determine the amount of capital you need. Your business plan must include a cash flow forecast to give you a reliable estimate of your financial requirements. The [Ontario Network of Entrepreneurs](#) can provide assistance with creating your financial plan.

- [Export Development Canada](#) offers innovative financing, insurance and risk management solutions to help Canadian exporters and investors expand their international business.

FINANCING YOUR BUSINESS

The most common source of financing for small businesses in Canada are financial institutions such as banks, trust and loan companies and credit unions. They can provide a range of financing options, including short-term loans, long-term mortgage loans or loans against inventory or accounts receivable to provide working capital. Other possible sources of financing include insurance companies and venture capital companies.

Your business may be eligible to qualify for one of the following funding assistance programs:

- [Futurpreneur Canada](#) is dedicated to championing tomorrow's entrepreneurial nation builders. It provides loans for entrepreneurs ages 18-39.
- [Industry Canada](#) provides financing, loans, or grants and contributions for entrepreneurs.
- [Business Development Bank of Canada](#) helps Canadian businesses through financing, venture capital and consulting services, with a focus on small- and medium-sized enterprises.





14 ESTABLISH AN ONLINE PRESENCE

A compelling website will increase customer interest and potential sales. Without a website, your business will be invisible to a growing segment of the market and you will miss out on potential revenue.

Your online presence should be part of your business strategy. In addition to your website, you may want to consider using Internet advertising, social media and mobile applications.

An online presence can help you:

- Reach customers beyond your local market.
- Enhance your services and cost-effectively market your business.
- Access a network of businesses.
- Compare products and prices to find good deals.
- Lower the costs of business transactions.
- Keep pace with your competitors (many businesses use some form of e-business).
- Enhance your visibility and accessibility for your customers and suppliers.
- Organize your business processes (e.g., administrative software programs).

E-BUSINESS TOOLKIT

The [E-Business Toolkit](#) includes a handbook for people who are new to e-business. You will also find a series of 17 booklets on advanced e-business topics, plus success stories. These resources will help you harness the power of the Internet.

DOMAIN NAME

A domain name is your website address. The name should include words that best describe your business since it helps promote your business. Domain names for Canadian businesses typically end with **.ca** and **.com**. If you are using a “.ca” name, it must be registered through an accredited registrar. The [Canadian Internet Registration Authority](#) lists registrars and some web hosts that can provide this service.

APPENDIX A – BUSINESS PLAN TEMPLATE

Below is a simplified business plan template with its various components to help you formulate your business idea.

BUSINESS OWNER'S NAME

BUSINESS NAME

Good business names are catchy and easy to remember. Often, they describe what the business does.

EXECUTIVE SUMMARY / BUSINESS IDEA

The executive summary is often written last as it is a summary of the business plan highlights.

Briefly describe:

- What the business will do; what product you will sell or service you will provide.
- Where the business will be located, the date you plan to start and the hours you plan to operate.
- What makes your product or service unique and/or appealing.
- The market you will serve and your customer profile.
- Your advantage over the competition.
- Whether your business structure will be a sole proprietorship, partnership, corporation or a cooperative.
- Your start-up costs, your projected sales and your projected profit.





PRODUCT OR SERVICE

Describe the product(s) you will sell and/or the service(s) you will provide. Answer questions such as:

- Will you make or purchase your product(s)?
- If you are making your product(s), what are the processes and the costs?
- Who will be your suppliers?
- What makes your product(s) and/or service(s) unique?
- How is your business different from others in the industry?
- What features or advantages will entice customers to buy from you (convenience, service, guarantees, etc.)?
- What advantages do you have over your competition?

16

MARKETING PLAN, PART 1 – CUSTOMERS, PRICING AND SALES

Use this section to describe your customers and pricing structure, estimate your daily sales and calculate your weekly sales revenue.

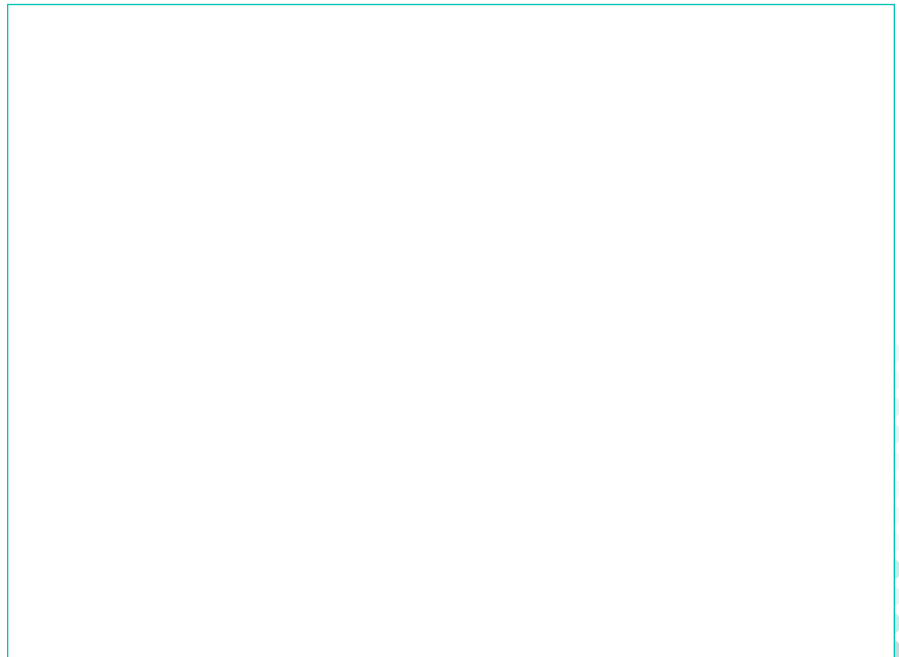
CUSTOMERS

- What are the characteristics of your ideal customer?
- What is their income level?
- How many potential customers are there in your target area?



COST AND PRICES

- What will you charge for your product(s) and/or service(s)?
- How did you calculate this price?
- Remember to take into consideration costs such as supplies, overhead, labour, rent and other expenses.
- Remember to also consider what your competitors charge.



ESTIMATED SALES

- How many units of your products do you think you can sell in a week?
- If you are in a service business, how many jobs can you book each week, or how many projects can you complete?

PROJECTED WEEKLY SALES REVENUE

Based on your prices and sales estimates, calculate your projected weekly sales revenue. For example, if you sell cedar lawn chairs for \$75 each and expect to sell 2 a day, your daily sales are $\$75/\text{chair} \times 2 \text{ chairs}/\text{day} = \$150/\text{day}$. If you operate 5 days a week, your weekly sales are $\$150/\text{day} \times 5 \text{ days}/\text{week} = \$750/\text{week}$.

Sample sales projection table:

| Item | Price per Item X | Number of Sales per Day = | Daily Sales Revenue X | Days of Operation per Week | Weekly Sales Revenue |
|----------------------|------------------|---------------------------|-----------------------|----------------------------|----------------------|
| Example: Cedar Chair | \$75 per chair | 2 chairs sold per day | \$150 | 5 days | \$750 |

Enter your projections below.

MARKETING PLAN, PART 2 – ADVERTISING AND OTHER PROMOTION

Use this section to outline how you will reach your customers through advertising and promotions. Your plan should describe:

1. How you will advertise your product. Include the type of advertising you will use, for example: social media, direct mail, internet, radio, television, etc. How much will it cost? How much business do you think it will bring in?
2. Describe any plans you have to generate media attention for your business. What media will you target?
3. What kinds of marketing materials will you use? Consider brochures, business cards, posters, etc.
4. Will you have a website? If so, describe how you will use it to market or sell your products and/or services (see Establish an Online Presence).
5. What other forms of marketing will you use? Consider tradeshows, telemarketing, cold calling, etc.
6. What will this advertising and other promotion cost?





OPERATING REQUIREMENTS AND COSTS

- Will your business be located in your home, a workshop, a retail space or an office space? Indicate why you have chosen your location. What is your rent, if any? What labour costs will you have? What office supplies and other overhead costs will you have?
- Who are your suppliers and what do they charge?

EMPLOYEE(S)

- Are you going to hire employees?
- If so, please refer to Review Regulations.

REGULATIONS

- You may register your name through the following website www.serviceontario.ca.
- Are there any permits or licenses required for your business in your municipality? Examples include: renovator's permits, health permits, cartage licenses.
- Contact your local municipal licensing commission office about any licensing requirements that apply to your business.
- If you are selling a product you will need a vendor's permit.

RISK PART 1 – SUCCESS AND SAFETY PLANNING

Think about the various risks associated with your business and how you will manage them. It helps to think of risk in four categories.

1. Business/Commercial Risk

Are there chances the business plan you have written might not work out? Examples are:

- What if you do marketing and advertising but you don't attract enough customers to meet your sales goals?
- What if the prices for the supplies you need to make your products go up? What if you can't get supplies?
- What if your business expands beyond what you can handle?

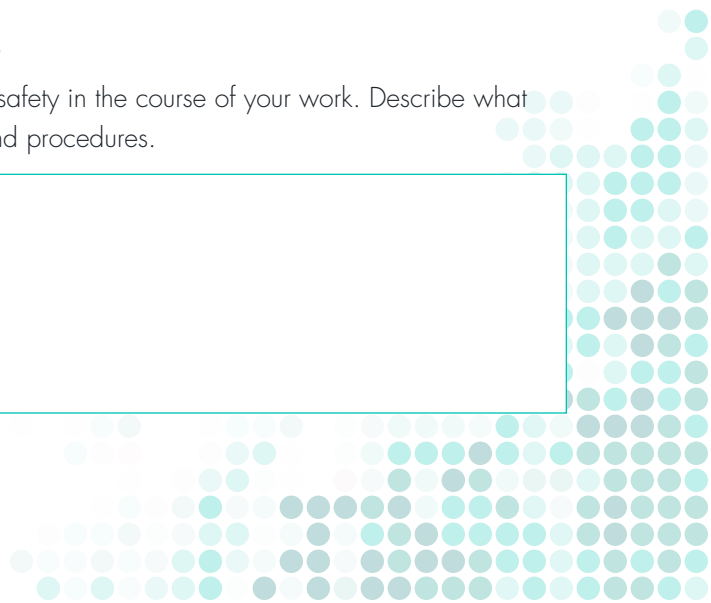
Consider whether these and/or other risks that could pose a threat to your business and explain what you will do to counter them.

2. Personal Safety Risk

Are there aspects of your work that present a personal risk to you? Is any aspect of your work hazardous? Examples could be:

- Falling off of ladders or roofs
- Injury due to heavy lifting
- Accidents from power tools
- Injury from hazardous materials, such as exposure to toxic fumes

Consider if these and/or other risks pose a threat to your personal safety in the course of your work. Describe what you will do to reduce these risks, such as using safety equipment and procedures.





3. Employee Safety Risk

Are there any aspects of the work your employees will do that are hazardous? Examples of these risks are similar to the ones outlined in the preceding section. Describe what you will do to reduce these risks, such as training employees in the use of safety equipment and procedures. If you hire employees, you are required to provide them with accident coverage under the Workplace Safety and Insurance Act (WSIA).

4. Third Party Risk

What aspects of your work might present a risk to your customers or the general public? There are many examples, such as:

- Accident from power tools, lawnmowers or other equipment
- Injury to a customer while engaged in an activity organized by you
- Injury or sickness to a customer from food or other products sold to them by you
- Damage to a customer’s property as a result of a mistake by you or one of your employees

Do these and/or other risks exist in your work? Describe what you will do to reduce these risks by using safe practices and procedures.

RISK PART 2 – INSURANCE

Even if you follow all the steps you have outlined in the previous section, certain risks may not be eliminated completely: you should evaluate the need for insurance.

Your employee insurance requirements are governed by the WSIA.

If you plan to use a vehicle owned by you or a family member for business activities, make sure to inform your vehicle insurer. The insurer may request an additional premium for your business use.

If you are planning to run your business from home, notify your home insurer. They may require you to purchase additional coverage depending on their assessment of the risks involved. If you are planning to operate your business at a location outside your home, you may wish to seek separate property insurance to cover damage or theft of your equipment and/or inventory.

Please describe any insurance you intend to purchase and outline the costs in the space below.



CASH FLOW FORECAST

Once you have completed your business plan, you are ready to prepare your cash flow forecast. A sample forecast is provided below.

Sample Cash Flow Forecast

Business Name: ABC Fancy Clothing

Business Start Date: May 1, 20YY

Business Type: Retail store

Money Business Receives (Revenue)

| Cash Receipts | May Forecast | June Forecast | July Forecast | August Forecast | Total Forecast |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Estimated sales | \$ 1,100 | \$ 1,500 | \$ 2,800 | \$ 2,800 | \$ 8,200 |
| Loans | \$ 1,500 | | | | \$ 1,500 |
| Owner cash contribution | \$ 50 | | | | \$ 50 |
| Total cash receipts | \$ 2,650 | \$ 1,500 | \$ 2,800 | \$ 2,800 | \$ 9,750 |

Money Business Pays Out (Expenses)

| Advertising/Marketing | May Forecast | June Forecast | July Forecast | August Forecast | Total Forecast |
|-----------------------|---------------|---------------|---------------|-----------------|----------------|
| Business cards | \$ 45 | | | | \$ 45 |
| Flyers | \$ 300 | | \$ 150 | | \$ 450 |
| Internet ads | \$ 60 | \$60 | \$ 60 | \$ 60 | \$ 240 |
| Total | \$ 405 | \$ 60 | \$ 210 | \$ 60 | \$ 735 |

| Equipment Expenses | May Forecast | June Forecast | July Forecast | August Forecast | Total Forecast |
|--------------------|---------------|---------------|---------------|-----------------|----------------|
| Mannequin | \$ 250 | | | | \$ 250 |
| Display rack | \$ 150 | | | | \$ 150 |
| Telephone | \$80 | | | | \$80 |
| Total | \$ 480 | | | | \$ 480 |

| Bank Fees and Licences | May Forecast | June Forecast | July Forecast | August Forecast | Total Forecast |
|------------------------|---------------|---------------|---------------|-----------------|----------------|
| Bank fees | \$ 20 | \$ 20 | \$ 20 | \$20 | \$ 80 |
| Business registration | \$ 68 | | | | \$ 68 |
| Peddlers' license | \$150 | | | | \$150 |
| Total | \$ 238 | \$ 20 | \$ 20 | \$ 20 | \$ 298 |

| Insurance Expenses | May Forecast | June Forecast | July Forecast | August Forecast | Total Forecast |
|--------------------|---------------|---------------|---------------|-----------------|----------------|
| Business insurance | \$ 125 | | | | \$ 125 |
| Total | \$ 125 | | | | \$ 125 |

| Other Expenses | May Forecast | June Forecast | July Forecast | August Forecast | Total Forecast |
|----------------|---------------|---------------|---------------|-----------------|-----------------|
| Inventory | \$ 800 | \$800 | \$ 600 | | \$ 2,200 |
| Cash box | \$ 45 | | | | \$ 45 |
| Fees to events | \$75 | \$155 | \$80 | \$ 80 | \$ 390 |
| Total | \$ 920 | \$ 955 | \$ 680 | \$ 80 | \$ 2,635 |

| | | | | | |
|--|----------------|-----------------|---------------|---------------|-----------------|
| Total Expenditures <i>Added monthly totals from all the different monthly expense categories</i> | \$2,168 | \$ 1,035 | \$ 910 | \$ 160 | \$ 4,273 |
|--|----------------|-----------------|---------------|---------------|-----------------|

Net Cash and Net Profit

| Net Cash | May Forecast | June Forecast | July Forecast | August Forecast |
|------------------------------|---------------|---------------|-----------------|-----------------|
| Monthly surplus or deficit | \$482 | \$ 465 | \$ 1,890 | \$ 2,640 |
| Cumulative (to date) | \$482 | \$ 947 | \$ 2,837 | \$ 5,477 |
| Personal drawings (subtract) | | | (\$ 1,000) | (\$ 1,000) |
| Net profit or loss | \$ 482 | \$ 947 | \$ 1,837 | \$ 4,477 |

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