

Small Business Toolkit



Peterborough
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THE KAWARTHAS

BUSINESS ADVISORY CENTRE



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Developing Your Idea

If you decide to start a new business, you will need to spend some time developing your business idea. One of the greatest advantages of being an entrepreneur is being able to work on something that interests you and that you are passionate about. Unfortunately, passion does not always translate into profits.

Research, research, research! The more information you can gather about the potential demand for your product or service, about your competitors, and about the needs and wants of your prospective customers, the more successful you are likely to be.

Before starting a business, you need to evaluate your idea and determine what your chances are of making a profit from that idea. Be realistic and flexible, great ideas take time to develop. Seek out the opinion of family, friends and most importantly, experts. The Business Advisory Centre can help you assess feasibility and refine ideas.

2 Do Your Research

Successful businesses have extensive knowledge of their customers and their competitors. Market research is the process of gathering information that will make you more aware of how the people you hope to sell to will react to your current or potential products or services.

Whether you are aware of it or not, business owners conduct informal research all the time. When you talk to customers about your business or check out the prices of your competitors you are conducting market research. Formalizing the process can produce a wealth of information about your products and services, your customers and the marketplace you operate in. More importantly, communicating your knowledge to potential investors or stakeholders becomes much easier.

Formal market research is often skipped because the process is assumed to be time consuming or expensive. Identifying the correct tools and level of detail needed to support your business idea is key. You can undertake simple activities that can be done on your own, such as creating a short customer satisfaction questionnaire or studying demographic data for your area, or undertake complex ones that require assistance from a professional market research firm. Regardless of the size of your market research budget, the time you have available or your level of experience, some form of market research is possible and it can help you to improve your business decisions.

3 Write a Business Plan

Every entrepreneur needs some form of plan, whether you are starting a new venture or been operational for years. Each business is unique and the document you create must reinforce that idea. The purpose is to convince readers that your concept will be successful. Showcase enthusiasm, dedication and confidence, that is grounded through research.

The formal business plan is highly detailed, outlining objectives, strategies, financial forecasts and marketing strategy. This collection of information is used to assess risk and preparedness when applying for grants or financing. Your audience is going to consist of business professionals with college or university education. The reader is not going to be well-versed in the operational side of your business; that means avoiding technical speech that is industry specific.

Small and self-funded entrepreneurs often prefer modern frameworks like the Business Model Canvas (BMC) or Lean Model Canvas (LMC). These concise documents are dynamic and can easily be changed depending on how your company evolves over time. While its purpose is to facilitate discussion, a BMC can also provide the foundation for writing a formal business plan.





Choosing a Business Structure

When starting your business, choose the business structure that best suits your needs. The three most common business structures are:

- Sole proprietorship
- General partnership
- Incorporation

Sole proprietorship

With this type of business organization, you would be fully responsible for all debts and obligations related to your business and all profits would be yours alone to keep. As a sole owner of the business, a creditor can make a claim against your personal or business assets to pay off any debt.

Advantages

- Easy and inexpensive to form a sole proprietorship (you will only need to register your business name provincially)
- Lowest amount of regulatory burden
- Direct control of decision making
- Minimal working capital required to start-up
- Tax advantages if your business is not doing well, (for example, deducting your losses from your personal income – lower tax bracket when profits are low, and so on)
- All profits will go to you directly

Disadvantages

- Unlimited liability (if you have business debts personal assets would be used to pay off the debt)
- Income would be taxable at your personal rate, and if your business is profitable this may put you in a higher tax bracket
- Lack of continuity for your business if you need to be absent
- Difficulty raising capital on your own

Partnerships

A partnership is a good business structure if you want to carry on a business with a partner and you do not wish to incorporate your business. With a partnership, you would combine your financial resources with those of your partner to build the business. You can establish the terms of your business with your partner and protect yourself in case of a disagreement or dissolution by drawing up a specific business agreement. As a partner you would share in the profits of your business according to the terms of your agreement.

You may also be interested in including a limited liability partnership in the business. This means that you would not take part in the control or management of the business, but would be liable for debts to a specified extent only.

When establishing a partnership, you should have a partnership agreement drawn up with the assistance of a lawyer, to ensure that:

- You are protecting your interests
- You have clearly established the terms of the partnership with regards to issues like profit sharing, dissolving the partnership, and more
- You meet the legal requirements for a limited partnership (if applicable)

Advantages

- Easy to start-up a partnership
- Start-up costs could be shared equally between you and your partner
- Equal share in the management, profits and assets
- Tax advantage if income from the partnership is low or loses money (you and your partner each include your share of the partnership in your individual tax return)

Disadvantages

- Similar to sole proprietorship, as there is no legal difference between you and your business
- Unlimited liability (if you have business debts, personal assets would be used to pay off the debt)
- Hard to find a suitable partner
- Possible development of conflict between you and your partner
- You are held financially responsible for business decisions made by your partner (for example, contracts that are broken)

Corporations

Another type of business structure is a corporation. Incorporation can be done at the federal or provincial level. When you incorporate your business, it is considered to be a legal entity that is separate from the owners and shareholders. As a shareholder of a corporation, you will not be personally liable for the debts, obligations or acts of the corporation. When making such decisions, it is always wise to seek legal advice before incorporating.

Advantages

- Limited liability
- Ownership is transferable (to a partnership, new owner or next generation)
- Continuous existence
- Separate legal entity
- Easier to raise capital
- Retained earnings can be managed to reduce personal taxation and build equity within the business.

Disadvantages

- A corporation is closely regulated
- More expensive to incorporate than a partnership or sole proprietorship
- Extensive corporate records required including shareholder and director meetings and documentation filed annually with the government
- Possible conflict between shareholders and directors
- Possible problem with residency of directors
- Overall tax burden is spread across two areas, corporate and person income. Entrepreneurs looking to pass the company's entire surplus to themselves are often better served with sole proprietorships.



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Choosing a Business Name

Before registering your business, you should decide what you want your business name to be. The right name can be an effective advertising tool that can help your customers understand what your business does, and which market you are targeting.

Some points to consider when naming your business:

- Short names are easier to remember
- Descriptive names can help people understand what your company sells
- Professional names can fit the image you want to project
- Distinctive names can separate you from your competition
- Unique names ensure that the name is not already in use

Your business name is an important part of your business identity. Choose a name that will fit your needs and suit your business image. Good business names generally have 2 parts, an “Identification” and “Description”. The Identification is the term that makes you unique. The Descriptions clearly says what you do. Many people choose a literal approach for naming their business. Keep in mind, the descriptive portion will heavily influence search engine optimization (SEO). Simulating how potential customers may find your business online can provide tremendous insight. Keep a list of the most effective keywords and experiment with different name combinations.

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Choosing a Location

For most businesses, choosing an appropriate location is critical, and the address is often needed for registrations, licenses and permits. Your ideal location will depend on your business needs, zoning restrictions, and where your customers and competitors are. Taxes, noise and the local business environment are also important factors to consider when reviewing your options.

If you are considering setting up your business in your home, make sure you know what regulations and restrictions will apply to your home-based business before you start. You can do that through the Clerks Office at your local municipality or township office.

If you are signing a lease for a commercial location, it is very important to understand the terms and responsibilities of the agreement. Commercial leases have both longer terms and additional costs such as shared area costs, taxes and parking.



Regulations, Licenses and Permits

Your business may need licenses and permits from either the federal, provincial and/or municipal levels of government.

It is important to ensure that your business venture is within the by-laws of your municipality.

Usually you will need to speak with the Planning & Engineering or City/Town Clerk's office. If your township office has an Economic Development Officer, they are a great first point of contact, too. You will want to ask questions such as:

- Is the property properly zoned for the business you will undertake?
- Does the building have any restrictions to its use?
- What are the Sign By-laws?
- Are there any parking restrictions or requirements?
- Is a permit or license required from the Municipality for the type of business you intend to open?

Make sure to enquire about whether there is a home-based business by-law that will affect you.

A helpful tool for you to use during your research is to explore BizPal. BizPal is a free website that allows you to streamline your business permit and licensing listing experience.

<https://www.bizpal.ca/>.

Municipality Contact Information

City of Peterborough

www.peterborough.ca/en/doing-business/doing-business.aspx

County of Peterborough

Asphodel-Norwood

www.antownship.ca

North Kawartha

www.northkawartha.ca

Cavan-Monaghan

www.cavanmonaghan.net

Douro-Dummer

www.dourodummer.on.ca

Trent Lakes

www.trentlakes.ca

Havelock-Belmont-Methuen

www.hbmtwp.ca

Selwyn

www.selwyntownship.ca

Otonabee-South Monaghan

www.osmtownship.ca

First Nations Communities

Curve Lake

www.curvelakefirstnation.ca

Hiawatha First Nation

www.hiawathafirstnation.com

8 Register Your Business

As a prospective entrepreneur or new business owner, you are no doubt aware of the importance of spreading the word about your organization. In addition to informing potential customers about your business, you must let the government know about your plans.

You may need to register with several different levels of government for many different reasons. This document provides an overview of the key registration requirements that may apply to your business.

Before you register your business you will need to choose a name, preferably one that is unique and easy to remember and describes the products and services you provide. Business name registration applies to entrepreneurs who want to register a sole proprietorship, a partnership or an operating name (trade name) for a corporation.

Business Name Registration

In October 2021, the Provincial Government launched the Ontario Business Registry (OBR). This Registry allows businesses and not-for-profit corporations to complete over 90 transactions online, including registering, incorporating, and updating their information. It is one streamlined portal for simplified use.

Ontario Business Registry: <https://www.ontario.ca/page/ontario-business-registry>



Do I need to register my business?

Whether you need to register with the OBR will depend primarily on your business structure. If you are registering a sole proprietorship or partnership, and you wish to do business under a name other than your full name, or the full names of the partners involved, you'll need to register your business with the OBR. Similarly, if you have a numbered incorporated business and wish to operate your business under a Trade Name, you will need to register your business.

Example: My name is Debra McLeod. If I wish to do business simply as "Debra McLeod", you do not need to register this business. However, if I plan to do business as "Debra McLeod Consulting" or "Debra Home & Garden Services," it would be required I use the OBR.

Things to be aware of when registering your Small Business using the Ontario Business Registry System (OBR):

1. A Company Key is now available and required for your business which is a 9-digit number exclusive to your business to prevent it from fraudulent activity. This does not replace your Business Number (BN) via the CRA or your Business Identification Number (BIN). Further details on these are below.
2. You must get a Company Key to access the Ontario Business Registry. A business that does not have an official email address on file in their Ontario Business Registry profile will receive the company key from the registered or head office address or principal place of business address on record via regular mail.

A business with an official email address on file in their Ontario Business Registry profile will receive the company key through that email address.

3. Once you have received your Company Key, you can login to the One-Key system and create a Service Ontario account. Once registered with this account, you may begin using the Ontario Business Registry page and register your small business.

Other Considerations:

- An Official Email address is now required. The Province of Ontario has transitioned from mailing information to recipients to emailing any required information directly to the Official Email address. It is important to provide an email address you intend to use for the lifetime of the business as your Official Email address
- Mailing addresses for the business are no longer required
- NAICS (North American Industry Classification System) will be required for your business activity. NAICS industry listing and identification can be found here:

<https://www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVD&TVD=1369825>



Incorporating Your Business

A corporation is a legal entity that separates the business from its owner/operator. You can choose to incorporate federally or provincially. Each option comes with its own advantages and disadvantages.

We strongly encourage all clients who are exploring incorporation to consult with a lawyer and their financial advisor or accountant. They can ensure the corporation is set up correctly and will provide the most advantages to you from a business perspective.

Provincial Incorporation

Incorporating your business provincially allows you to do business under a corporate name in Ontario. Corporate name protection applies in Ontario, and you can open offices/stores within the province. For example, a restaurant in Peterborough with no plans for expansion would choose this option.

It's important to recognize that incorporating your business in Ontario means these rights are only extended provincially in Ontario. Your business will not have the same benefits across Canada unless you incorporate federally.

Ontario incorporation is regulated under the Ontario Business Corporations Act (OBCA) and requires Articles of Incorporation to be filed. The Articles of Incorporation should include the corporation's name, named directors, shareholders, and the effective date. A lawyer and an accountant can help you set up your Articles of Incorporation.

For more information:

www.ontario.ca/page/start-dissolve-and-change-corporation

Federal Incorporation

If you incorporate your business federally, you can open locations within Ontario and/or in other provinces and territories across Canada. If you open offices/stores in different provinces, you will be required to register your business in those locations. Federal incorporation also provides corporate name protection across the country. This option is recommended for online businesses selling to customers across the country or internationally.

For more information:

<https://ised-isde.canada.ca/site/corporations-canada/en/federal-incorporation>

NUANS - Name Search for Incorporated Businesses

What is a NUANS?

NUANS is short for New Upgraded Automated Name Search and is Canada's official database of incorporated and trademarked businesses across the country.

When registering your business, you'll need to perform a name search. You can do that manually by searching through the internet, but in most cases, you'll need to do a more official name search.

Once you've settled on your top two or three name choices, your NUANS report shows you a listing of trademarked or incorporated businesses that have similar names to the business that you're starting. It's an opportunity for you to ensure your business name is distinct enough from those listed in the NUANS so you can operate without concern.

When do you need a NUANS name search report?

There's a distinction between when you need a NUANS and when a NUANS is required.

- If you're registering as a sole proprietorship, you technically don't need to do a NUANS. You can start and operate your business under whatever name you choose, so long as that business name isn't already trademarked or incorporated.
- If you're incorporating your business in Ontario or incorporating federally, then a NUANS is mandatory. You'll need to submit what's called your articles of incorporation and a NUANS report is a required part of that submission. Something to keep in mind is that when you're registering a sole proprietorship, a NUANS report doesn't guarantee the protection of your name. Only when incorporating, can you be sure that your business name can not legally be used by another Canadian company.

How long are NUANS reports valid?

A NUANS report is valid for 90 days from the date you first order the report. You'll need to finish registering or incorporating your business within those 90 before the names on the report are no longer valid.



Business Number Registration

The BN is a numbering system that simplifies and streamlines the way businesses deal with the federal government. It is based on the idea of one business, one number.

Not all businesses require a BN and CRA program accounts. It is important to identify if you require a BN before you register.

What is the difference between a business number (BN) and a Business Identification Number (BIN)

The BN is a 9-digit business identifier used in Canada to which businesses can register program accounts with the Canada Revenue Agency (CRA).

This number should be used when communicating with the CRA about program accounts you have or wish to register for. For example, if you would like to discuss your GST/HST account or you would like to register for a payroll account, you should quote your BN. A Business Identification Number (BIN) is the 9 digit number on the Master Business Licence that is used by the Ministry of Government Services to identify provincial, business registration.

It's important to note that your BIN is distinct from your business number (BN). BINs are issued by the Government of Ontario and are used by the Ontario Ministry of Consumer and Business Services to identify provincial business accounts. Your unique BIN is issued when you register your business in Ontario.

Conversely, BNs are a nine-digit number issued by the Canada Revenue Agency (CRA) that gives businesses access to federal government program accounts, such as import/export numbers and payroll.

This is separate from your Company Key used to access the OBR.

Do you need an account?

Not all businesses require a business number (BN), so it is important that you review the information for each type of program account before registering.

You only need a BN if you require any one of the following business accounts:

GST/HST

You must register for GST/HST if your total taxable revenues exceed \$30,000 (\$50,000 for public service bodies) in a single calendar quarter or in four consecutive calendar quarters. Some exceptions do apply.

For more information visit the Canada Revenue Website at:

Payroll

Most employers, trustees, and administrators need a payroll program account. You are an employer if you:

- pay a salary, wages, advances, bonuses, vacation pay, or tips to your employees and/or
- provide a benefit, such as board and lodging, to your employees and/or
- hire a non-resident person, partnership, or corporation to perform services in Canada

If you are not sure whether someone is your employee or is self-employed, visit the Canada Revenue Website for RC111 Guide Employee or Self-employed - www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll.html

Corporate income tax

When you incorporate with the province of British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, or Saskatchewan, or Industry Canada your business will automatically be registered for a business number (BN) and a corporation income tax program account.

Within 45 days of incorporation, you should receive a notice confirming your BN and a summary of program accounts.

When you incorporate with any other province or territory you will have to register for a BN and a corporation income tax program account by contacting the CRA.

Import/Export

If you import goods into Canada or export goods to other countries, you should register.

Your import-export program account number will be used to process customs documents.

To avoid delays in releasing your goods at the border, open your program account before you **import or export** goods.

For more information:

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/registering-your-business/import-export-program-account.html>







How to register

By Internet with Business Registration Online

You can register for a Business Number (BN) and one or more of the Canada Revenue Agency (CRA) program accounts at the same time using the Business Registration Online (BRO) service: www.canada.ca/en/revenue-agency/services/tax/businesses/topics/registering-your-business/bro-register.html

CRA Checklist

To learn more about your fiscal obligations as a small business owner:

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/small-businesses-self-employed-income/checklist-small-businesses.html>

Resources

Business Regulations Guide

<https://sbs-spe.feddevontario.canada.ca/business-regulations-guide>

Form RC1, Request for a Business Number (BN) -

www.canada.ca/en/revenue-agency/services/forms-publications/forms/rc1.html

3. Non-resident corporations that register for a BN with CRA will also be registered with a corporation tax account



10 Hiring employees

Employees are the key to daily operations for most businesses. You will want to determine the number of staff you require and their necessary qualifications. Then you will need to recruit the best and brightest, and create a working environment that they want to be a part of.

Employment Standards

To ensure that employees are treated fairly, the federal and provincial governments have established employment standards regarding:

- Minimum wage
- Annual vacations and other types of leave
- Public (statutory) holidays
- Hours of work, including standard hours, overtime and emergency requirements

Certain industries fall under federal regulations, while others must comply with provincial or territorial employment standards. If your employees are unionized, there may be additional standards set out in their collective agreement that go above and beyond what is required by law.

For more information on what business owners need to know about Employment Standards in Ontario visit the Ontario Ministry of Labour - www.labour.gov.on.ca/english/es/pubs/fs_compliance.php

Workplace Health & Safety

You have an obligation to ensure the health and safety of all of your employees while they are working. This requires that you comply with certain regulations and standards for the safety of your workplace.

Workplace Safety and Insurance Board (WSIB)

Most businesses in Ontario that employ workers (including family members and sub-contractors) must register with the WSIB within 10 days of hiring their first full- or part-time worker.

Registering with the WSIB provides workplace insurance coverage for all of your workers and gives you access to experts in health and safety for your business sector.

There are a few industries that do not have to register. These include:

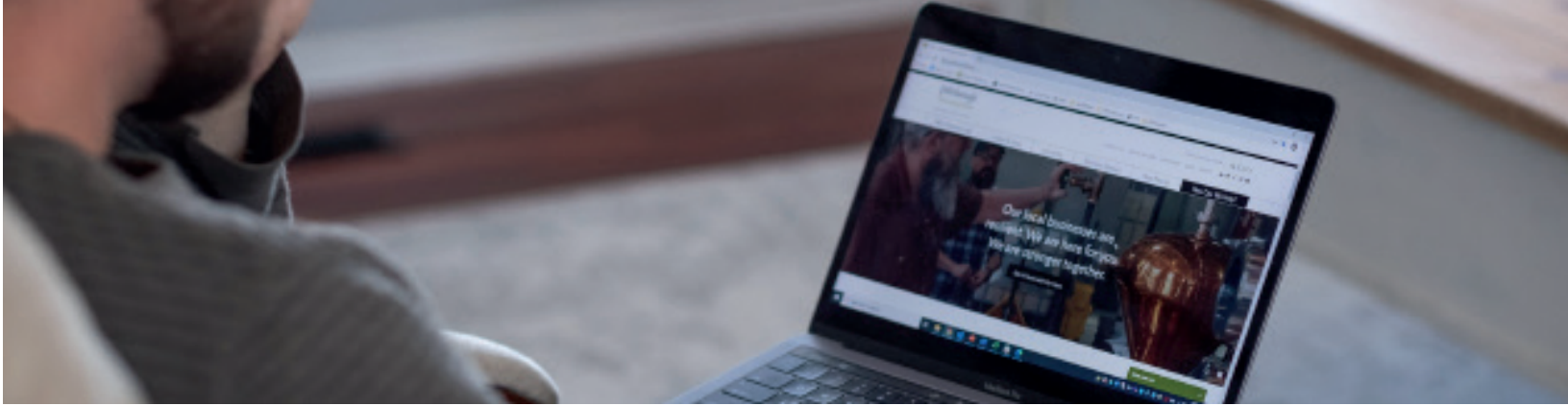
- Banks, trusts and insurance companies
- Computer software developers
- Private health care practices (such as those of doctors and chiropractors)
- Trade unions
- Private day cares
- Travel agencies
- Clubs (such as health clubs)
- Photographers
- Barbers, hair salons, and shoe-shine stands
- Taxidermists
- Funeral directing and embalming

Even if your company is in one of these categories, you can still choose to insure your workers through the WSIB.

What is Bill 119 Mandatory Coverage in Construction?

As of January 1, 2013, the Ontario Government made WSIB coverage mandatory for most people in the construction industry.





Sole proprietors in construction without workers

As a sole proprietor in construction without workers you are considered by the WSIB to be an independent operator.

The WSIB considers you to be a sole proprietor in construction without workers if:

- You own your business alone (a non-incorporated business with no partners).
- You perform Class G construction work.
- You carry on business alone, and do not employ any workers.

If you're not sure what you need to do, or how you're defined under Bill 119, WSIB has an online tool to help you find out: www.wsib.on.ca

Occupational Health and Safety Act

We all share the goal of making Ontario's workplaces safe and healthy. The Occupational Health and Safety Act provides us with the legal framework and the tools to achieve this goal. It sets out the rights and duties of all parties in the workplace. It establishes procedures for dealing with workplace hazards and it provides for enforcement of the law where compliance has not been achieved voluntarily by workplace parties.

The Act came into force in 1979. Changes to the Act in 1990 and subsequent years continued the evolution of occupational health and safety legislation since its original enactment. These changes have strengthened requirements for occupational health and safety in Ontario workplaces, reinforced the Internal Responsibility System (IRS) and the workplace structures, in particular the joint health and safety committees.

Employers should note that the Act makes it clear that the employers have the greatest responsibilities with respect to health and safety in the workplace. However all workplace parties have a role and a responsibility for promoting health and safety in the workplace. This is the basis for the Internal Responsibility System.

Every improvement in occupational health and safety benefits all of us. Through cooperation and commitment, we can make Ontario a safer and healthier place in which to work.



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Business Insurance

All businesses require insurance, even if you are incorporated. Being incorporated does not negate having insurance or provide blanket protection. Some of the types of insurance you may need to consider include:

- General liability
- Errors and omissions (professional liability insurance)
- Inventory and assets
- Vehicle
- Bonding

If you are running a home-based business, be sure to call your insurer and let them know what you are planning to do. In most cases, there will be some change to your current premiums. An Insurance Broker can help you assess the types of insurance you will require. A list of brokers can be found at The Insurance Bureau of Canada:

www.ibc.ca



12 Other Professional Services

As an entrepreneur, you will be required to wear many different hats. Part of being a good entrepreneur is understanding what you are able to do yourself, and when to call in a professional. Yes, they will charge you for their services, but more often than not, they will save you money in excess of their fees. It is a good idea to find someone you are comfortable with and who knows your industry to assist you.

An Accountant

An accountant can help you with the financial aspects of your business. It is a good idea to seek an accountant's advice so that you will know from the start what records to keep and how to do so properly. An accountant can also assist you in deciding what form of business to choose and how to optimize your income tax planning.

A Lawyer

In business, you will likely experience a lot of dealings involving contracts. Some of them will be written, and some of them will be verbal or implied. Your lawyer can help you understand your rights under a contract and advise you on the proper course of action. It is a good idea to have a lawyer review any documentation before you sign it, including a lease. A lawyer can advise you regarding the legal liabilities related to the ownership of your business, and work with you to incorporate your business. A partnership agreement should also be drawn up between you and your business partner(s) using the services of a lawyer.

A Marketing Consultant

Marketing represents the study of how businesses create, communicate and deliver value to customers. Contrary to popular belief, promotion only represents a quarter of the puzzle. A thorough understanding of your product, price and place (channel) are just as important. Consultants specialize in optimizing these four components in what is known as the Marketing Mix. As the most common weakness for entrepreneurs, seeking professional help can provide tremendous long-term benefits.

Conclusion

If you have further questions, please do not hesitate to contact or make an appointment with the Business Advisory Centre by visiting <https://investptbo.ca/business-advisory-centre/>



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