



A Guide to Starting a Small Business in Chatham-Kent

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Introduction

Starting a small business can be exciting and challenging. With careful research and hard work, it can also be very rewarding.

There are three common ways to get into business. You may wish to start the business as a new enterprise, you could buy an existing business, or you may decide to purchase a franchise. Regardless of which type of ownership you are thinking about, there are some basic questions you should ask yourself to assess whether you are ready.

Are You Prepared?

Do you have what it takes to be an entrepreneur? Even if you have a great idea, starting a new business is challenging. So before you even begin, you need to ask yourself: Do you have the personality of an entrepreneur?

- Do you like to make your own decisions?
- Do you enjoy competition?
- Do you have will power and self-discipline?
- Do you plan ahead?
- Do you get things done on time?
- Can you take advice from others?
- Are you adaptable to changing conditions?

If you can honestly say you're the right personality type, the next question you have to ask yourself is: Do you know what you're getting into? Are you really prepared to:

- Work long hours
- Sacrifice time with family and friends
- Receive little—or no—pay at first
- Live with ongoing pressures

Long hours and hectic schedules can take their toll on relationships. For your business to succeed, everybody has to be onside. So, talk it over with your family and make sure they know what you—and they—are getting into.

Explore New Business Opportunities

The type of business that you enter should complement your experience, interest and/or technical knowledge. It is fine for you to dream about becoming your own boss some day, however, before you put too much work into your business, make sure that the area you choose is the right one for you.

When deciding what business to start, you may want to consider what hobbies and/or interests you have as well as your experience and background. If you are interested in an area in which you have little experience, you may want to seek some training before you begin.

Two other factors that are equally as important as the above mentioned are:

1. Is there a need for the goods and/or services you are going to offer?
2. Will there be a market for your product in the future?

What Form Of Business Organization Is Right For You?

The following chart is a list of possible advantages and disadvantages of the most common forms of business organizations:

	ADVANTAGES	DISADVANTAGES
Sole Proprietorship <i>Business owned by one person, called a "proprietor."</i>	<ul style="list-style-type: none"> • Simplest and least expensive to set up • Minimal registration requirements • Owner in direct control • Possible tax benefits (losses can be applied against other income of proprietor) 	<ul style="list-style-type: none"> • Owner assumes all risk of business; responsible for payment of all business debts. Creditors can seize your personal assets. • Lack of continuity (ownership not transferable) • Difficult to raise capital • Possible tax disadvantages (profits must be added to personal income)
Partnership <i>Business owned by two or more individuals or corporations.</i>	<ul style="list-style-type: none"> • Easy to set up and very flexible • Limited regulation • Partners provide sources of additional capital and skills 	<ul style="list-style-type: none"> • Partners assume personal liability for debts of business • If disagreements arise, business can suffer • More complex record keeping and tax returns
Corporation <i>A separate legal entity which can enter into contracts and own property, separately and distinctly from its owners who are the shareholders.</i>	<ul style="list-style-type: none"> • Limited liability (generally limited to individual's personal investment in the business) • Continuous existence (ownership transferable) • Easier to raise capital (i.e. money for the business can be raised by selling shares) • Possible tax advantages 	<ul style="list-style-type: none"> • More expensive and complicated to set up and maintain • Extensive record keeping and complex taxation • Closely regulated

Where Do You Go For Help?

Clearly, whichever business option and business form you choose, there's a great deal of up-front research involved. Some of it you can—and must—do yourself, but some of it will require expert help, by way of an accountant, lawyer and/or business consultant.

The Chatham-Kent Small Business Centre provides clients with a one-stop office for information and referrals for starting and growing a business in Chatham-Kent. Free-of-charge services are provided for one-on-one consultations with the Small Business Officer, and assistance with business planning and research. If you are unable to travel to the Chatham office, staff is available to provide consultations in one of 5 Municipal Service Centres.

We also have a multitude of resources available in our office on-site, including a public access computer for business research and planning, and access to government publications, books, and pamphlets and brochures. If there is anything specific you may require, please let us know, and we would be happy to provide you information if anything is available.

To book an appointment for a complimentary consultation, or request a free information kit from our resource library, contact:

Chatham-Kent Small Business Centre
315 King Street West, PO Box 640
Chatham, ON N7M 5K8

P: 519.351.7700

E: ksbc@chatham-kent.ca

Business Planning

A well-researched, well thought-out business plan is essential for a few reasons. First, it increases your chances of success by forcing you to consider every aspect of your business and it serves as an ongoing roadmap or benchmark so you can gauge your success. Finally, it's what investors, including banks, want to see in order to determine whether your business—and you—are good risks.

In your business plan you should include:

- How the company will be managed and owned
- Product(s) and/or service(s) you will offer
- Materials and resources you'll need
- Potential strengths and weaknesses of your company
- Your company's short and long-term plans
- The market and industry into which your business is directed (including suppliers, customers, competitors, threats, opportunities)
- Marketing, sales and production plans
- Operating costs
- Amount, sources and types of financing it may require, including personal resources you may need to tap into
- Sales and cash flow forecasts

The Interactive Business Planner (IBP) is an online system that will guide you through each section of your business plan using question and answer format, learn definitions and tips, and view sample business plans to help you write your own plan. It allows you to save your plan online using a confidential username and password, which means you won't need to worry about where you saved your business plan on your computer. The IBP can be accessed at the following link:

<http://www.canadabusiness.ca/eng/86/>

Simply put, a business plan is a written summary of all the activities of your proposed business. Feel free to pick up more detailed information about what should go into a business plan samples, or a template at the Chatham-Kent Small Business Centre. If you choose, book an appointment with the Small Business Officer for a complimentary business plan review.

What Licenses & Registrations are Required?

Many types of businesses require licensing from the federal, provincial and/or municipal governments. These requirements could include an operating permit, special permission to operate in your chosen location or specific qualifications for you and/or your employees.

BizPal

Officially launched June 6, 2008, the Municipality of Chatham-Kent is pleased to provide entrepreneurs with access to BizPal, an online service that simplifies the business permit, licence and other compliance regulation process for entrepreneurs, governments, and third party business service providers.

BizPaL helps you generate a personalized list of the business documents you need for the levels of government—local, provincial/territorial, and federal—you may have to deal with in order to grow or start up your business. And if you are already operating, BizPaL can help you verify that you have all the correct permits and licenses.

To access BizPaL, or for more information, visit the following website:

<http://www.chatham-kent.ca/bizpalapplication/>

Ontario Business Name Registration (Master Business License)

If you've chosen not to incorporate, you'll need to register your business name with the province of Ontario, unless you are operating under your legal (first and last) name. Adding even one word to your legal name (i.e. "Enterprises" or "and Company") requires registration.

If you plan to open a business bank account, most financial institutions require you to provide a Master Business License as proof of Ontario Business Registration.

A business name registration is valid for five years at a cost of \$60 electronically (or \$80 by mail), after which time it must be renewed.

Registration is quick and easy. You can register your business name:

- **Online:** If you wish to pay by credit card, registration may be done using Service Ontario's secure, online system at www.serviceontario.ca.
- **In person:** The Chatham-Kent Small Business Centre offers you the choice to register in person whether you choose to pay by credit card, cash or company cheque.
- **By mail:** Registration may be completed by mail (service time is approximately 6-8 weeks) and addressed to:

Companies & Personal Property Security Branch
Ministry of Government and Consumer Services
393 University Ave., Suite 200
Toronto ON M5G 2M2

Registering your Business name with the Ontario government does not provide you name protection, but if you decide to use a name that is the same as or confusingly similar to that of an existing business, it could result in a lawsuit if that business name is protected.

If you would like business name protection, you need to look at trade-marking or incorporating your business name. Feel free to contact the Chatham-Kent Small Business Centre for more information on trade-marking or incorporating.

Business Name Search

Before making a final decision on your business name and ordering business cards or stationery you will want to know if someone else is already using the name. A search of the Companies and Personal Property Security Branch records will determine whether another Ontario business is using the name you have selected and where that business is located.

Business name searches are optional and may be performed online (www.serviceontario.ca) at a cost of \$8 per name searched.

Municipal Business Licensing

While not all types of businesses require municipal licensing, many do. For more information, or to find out if your business requires a municipal business license, contact:

Chatham-Kent Building Enforcement & Licensing
Civic Centre
315 King St. W.
Chatham, ON N7M 5K8 P: 519.360.1998

Municipal Zoning

It is important that all new business consult with the municipal zoning office to determine whether a particular business is permitted to operate from a chosen location, especially if you plan to operate your business out of your home. For more information, contact:

Chatham-Kent Zoning Department
Civic Centre
315 King St. W.
Chatham, ON N7M 5K8 P: 519.360.1998

Occupational Licensing

A number of businesses may also have additional occupational licensing requirements. It is important that you find out whether or not your chosen industry has these types of regulations before you begin.

The Ontario Occupational Licensing Gateway provides one-window, online access to information and forms related to occupational/business licenses. You may find this information on Service Ontario's website (www.serviceontario.ca) under the heading "Gateway for Business".

What About Taxes?

Canada Revenue Agency – Harmonized Sales Tax (HST)

HST applies to almost all goods and services supplied in Canada. If your business provides HST-taxable goods or services and has annual gross sales of \$30,000 or more, you are required to register, collect, and remit HST. If your sales are estimated to be less than \$30,000 per year, registration is not mandatory but may be done voluntarily.

Registration for an HST Number is free of charge:

- By **telephone** at 1.800.959.5525
- By **mailing or faxing** a Request for a Business Number (Form RC1) to the Windsor Tax Services Office
- **Online** at www.businessregistration.gc.ca

For more information about HST registration, visit www.cra-arc.gc.ca or contact Canada Revenue Agency (Windsor Tax Services Office) at 1.800.959.5525

Protect Yourself – Reduce your Risk

Ask yourself how you can best protect your business and personal assets from financial harm.

- Implement, follow and regularly review a Health & Safety plan at your business
- Ensure all staff is properly trained and aware of your Health & Safety programs.
- Post all mandatory Government Labour, Health and Safety requirements at a location in your business where employees can view it.
- Inquire about and obtain Commercial Liability Insurance when applicable
- Obtain Commercial Fire and Theft Insurance (General Perils)

How Do You Get Financing?

Many times, one of the first questions asked by entrepreneurs is “where do I get money?” In the early stages, the most important financial sources will probably be your own savings, investments or credit, friends, relatives and financial institutions. When you are looking into applying for a loan for your business, it is important to study different avenues of financing.

Industry Canada

Industry Canada’s Sources of Financing website is an extensive, online directory to help business owners locate traditional and alternative sources of small business financing.

For more information, visit the website: <http://www.canadabusiness.ca/eng/>

Financing Programs

Although some grants or subsidies are available for specific situations or industries, there are a number of government financing options available for Ontario entrepreneurs. The following programs are a few of the most popular programs for entrepreneurs. Please feel free to contact the Chatham-Kent Small Business Centre for a more detailed list of financing programs available to businesses.

Canada Small Business Financing (CSBF) Program

The CSBFP is a federal program that is offered by most chartered banks. It is designed to assist new and existing businesses in obtaining financing for the purchase, installation, renovation, improvement or modernization of equipment, land or buildings necessary for the operation of the business.

Loans are available up to \$500,000, of which \$350,000 can be used to finance the purchase or improvement of equipment and the purchase of leasehold improvements. The registration fee is 2% of the total amount of the loan. The registration fee can be financed. Financial institutions can finance and up to 90% of the cost of asset acquisition or asset improvement. The lender may take a personal guarantee of up to 25% of the original amount of the loan. The interest rate charged by the lending institution is the prime rate plus 3%.

Request information about this program from the loan officer at your chosen financial institution, or contact Industry Canada by phone at 1-866-959-1699 or online at: <http://www.ic.gc.ca/epic/site/csbf-pfpec.nsf/en/home>

Community Futures Development Program

The Community Futures Development Corporation of Chatham-Kent administers the Community Futures Development Program. The CFDC provides financing and management expertise through the following services:

- Maximum \$150,000 loan or equity investment. Repayment terms are flexible and negotiated in the best interest of your small business.

- Assistance in preparing business plans for presentation to banks and other financial institutions.
- Consultation on the viability of your project and on the best financing methods
- Information on other Government services and programs of benefit to small business
- Administration services on a fee for service basis (i.e. bookkeeping, payroll)

For more information on the Community Futures Development Program, please contact:

Community Futures Development Corporation of Chatham-Kent
 124 Thames St, Chatham, ON N7L 3Y8
 P: 226.996.1234 www.cfdck.on.ca

Micro-Lending

The Chatham-Kent Micro-Lending Program is a pilot project that provides loans and mentorship to people who want to start or expand a small business. The maximum loan amount is \$5,000. You can borrow as little as a few hundred dollars. The term can be anywhere from 1 year to 5 years.

http://ckworkforcedev.com/labour_market_info/ckwpb-microlending-pilot-project/

For more information on the program, contact the Chatham-Kent Small Business Centre at 519.351.7700 or ksbc@chatham-kent.ca

Youth Programs

Starting a business is not just for adults anymore! The following are examples of programs available for youth entrepreneurs.

Summer Company

The Summer Company program provides hands-on business coaching and mentoring, and awards of up to \$3,000, to help enterprising young people start up and run their own summer businesses.

Eligibility

You are eligible for Summer Company if you are:

- Between 15 and 29 years old
- Currently a student and are returning to school in the fall
- Proposing a new sole proprietorship or corporation in Ontario that you plan to operate independently from relatives
- Prepared to make a commitment of at least 35 hours a week for a minimum of 8 - 12 weeks
- Not working for more than 12 hours a week at another job
- A Canadian citizen or landed immigrant residing in Ontario
- New to Summer Company - you can't be a previous recipient of a Summer Company award

For more information on the Summer Company program, visit www.summercompany.ca or contact the Chatham-Kent Small Business Centre at 519.351.7700.

Young Entrepreneurs, Make Your Pitch

The Young Entrepreneurs, Make Your Pitch program allows High School students to create a two minute video explaining their business idea. Explain what problems it will solve, who your customers will be and why your business will succeed. You could win prizes, coaching and tools to help bring your idea to life, and a trip to the Discovery conference in Toronto in May. The deadline to submit your video is typically the end of March each year.

For more information on the Young Entrepreneurs, Make Your Pitch program or to submit your video, visit www.makeyourpitch.ca

Starter Company Plus

The Starter Company program provides advice and mentorship to help get your business up and running; assistance to kick off a new business or expand your current business; as well as experience running a successful business that may help you obtain more traditional financing such as bank loan if you so require in the future.

Eligibility

You are eligible for Starter Company if you are:

- Not attending school full time
- Prepared to commitment full-time hours to your business
- One-on-one guidance from a Small Business Centre consultant
- Attend training workshops and complete a viable business plan
- Mentoring
- Access to business workshops on topics from writing a business plan and budgeting, to executing a marketing campaign
- Funding of up to \$5,000
- Experience running a business that will better position you to obtain more traditional financing, such as a bank loan

To qualify for funding of up to \$5,000, you need to be able to contribute at least 25% (in cash or in kind) of the grant amount.

www.ontario.ca/page/start-company-young-adults

Futurpreneur Loan Program (formerly CYBF)

The Canadian Youth Business Foundation provides loans of up to \$15,000 to aspiring young entrepreneurs who are between 18 and 39 and are most likely to succeed in creating a business and for whom financial assistance is critical. It is expected that the business will provide full-time employment for yourself and others. To ease the early stages of business growth, loan repayments over terms up to five years are available so that you can stay focused on getting established. Additional financing of up to a further \$30,000 may be available via their partnership with the Business Development Bank of Canada (BDC). Applicants aged 18-39, are eligible for up to a total of \$45,000 in financing entirely funded via their BDC partnership.

For more information on the Futurpreneur Loan program, visit www.futurpreneur.ca

Need more information?



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