



# How to start a business

5-step guide to kickstart your entrepreneurship journey

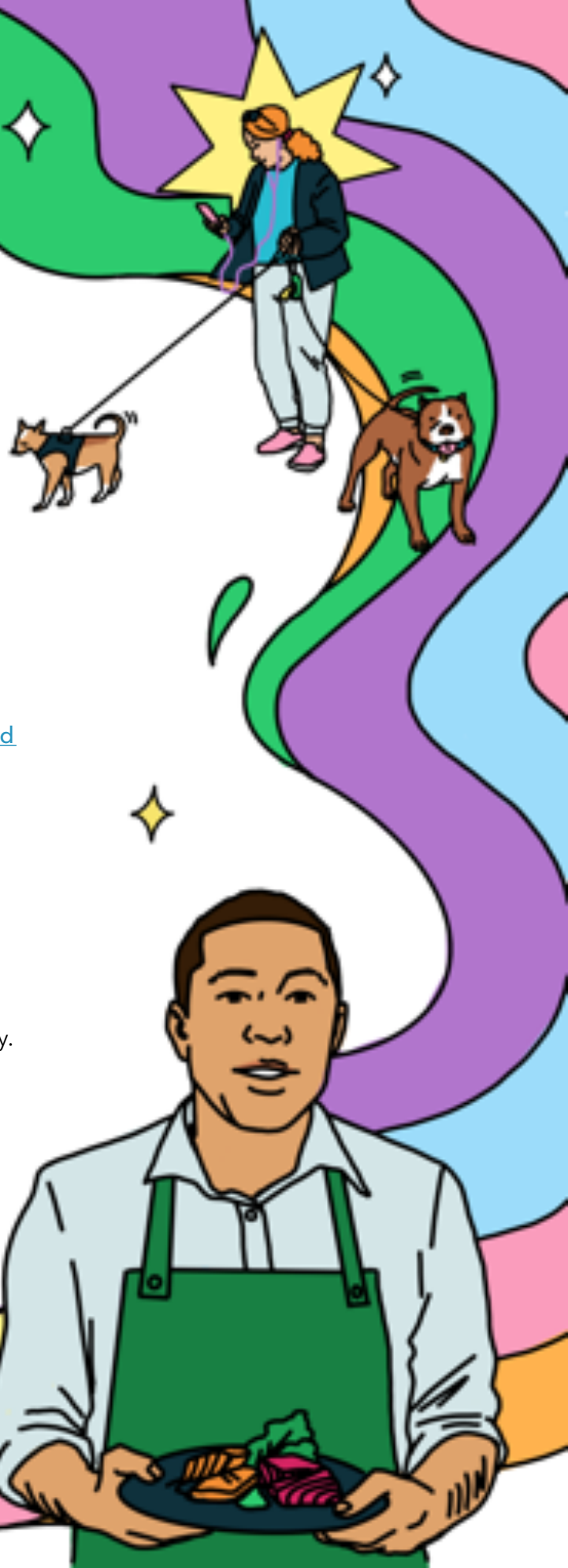


# Small businesses are the heartbeats of communities across the country. They make where we live, work, and play truly thrive.

It's no wonder there are now almost [1.5 million small and medium sized businesses in Canada](#).

For those who dare to dream, there's no time like the present to create something new and leave a legacy. The hard part is transforming that dream into a living, breathing, long-lasting business.

Don't know where to begin? Consider this your 5-step guide for how to kickstart your entrepreneurship journey.



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# Business basics: Getting started

As an aspiring entrepreneur, there's some crucial prep work you have to do before launching your small business.

This starts with [drafting a mission statement](#) to define your vision. In a few clear and concise paragraphs, your mission statement should:

1

Outline your business idea

2

Define your company's purpose and its goals

3

Identify the high-level strategies you'll use to accomplish them

4

Include a motivational message that inspires you to work toward your dream.

Your mission statement will serve as your "why" and will create something tangible you can revisit as you navigate the journey of entrepreneurship.

## LEARN MORE

[How to start a business](#)

[How to write an effective mission statement](#)

[How to set up your business for online sales in 5 easy steps](#)

# Workbook questions

Why do I want to start this specific business?

What appeals to me about this industry?

What is my company's larger purpose?

Will I run my business solo or with a team?

If so, who do I want on my team and who would make the ideal business partner(s)?

**3<sup>rd</sup>**

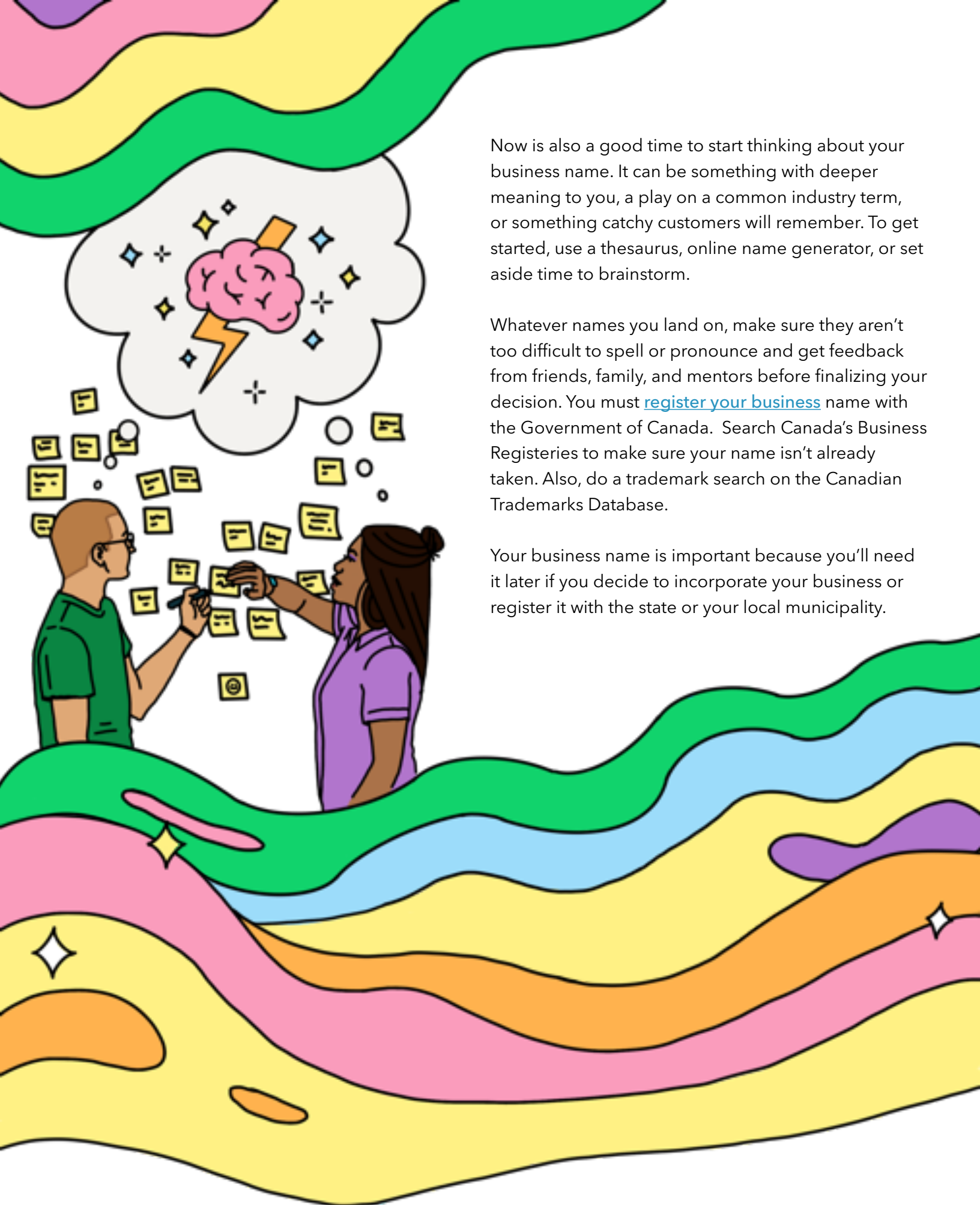
Canada is the third easiest country in world to start a business in.<sup>1</sup>

## Refine your idea

Once you have a mission statement, research your market to fine-tune your idea.

Find out who the key players and industry leaders are and identify your competitors, both in the brick-and-mortar space and online. Next, identify your company's value proposition, or how you'll set yourself apart. For example, if you plan to open a local coffee shop, you'll need to know how many other coffee houses or cafes are within a 5-10 mile radius, what they do that makes them successful, and how you'll make your business stand out from them. Maybe you'll offer one-of-kind menu items, your own handcrafted coffee, custom blends, or customer conveniences like a lending library, tables with multiple charging ports, or booths where customers can do video conferencing calls. Think about what makes your business truly unique and how you'll harness this to set yourself up for success.





Now is also a good time to start thinking about your business name. It can be something with deeper meaning to you, a play on a common industry term, or something catchy customers will remember. To get started, use a thesaurus, online name generator, or set aside time to brainstorm.

Whatever names you land on, make sure they aren't too difficult to spell or pronounce and get feedback from friends, family, and mentors before finalizing your decision. You must [register your business](#) name with the Government of Canada. Search Canada's Business Registeries to make sure your name isn't already taken. Also, do a trademark search on the Canadian Trademarks Database.

Your business name is important because you'll need it later if you decide to incorporate your business or register it with the state or your local municipality.

# Workbook questions

Who are my company's key competitors?

What products or services do these competitors offer, and at what price point?

Where is their business located? Do they get lots of foot traffic?

What does their online presence look like? Do people seem to be engaged with their content or social media?

Compared to these competitors, what is my company's unique selling proposition?

## LEARN MORE

[How to conduct a competitive analysis](#)

[How to register your business name in Canada](#)



## Define your target customers

Figure out the total addressable market (TAM) of your potential customer base. Determining your TAM will help you understand just how big the potential market for your product or service really is, especially if you plan to start an online business.

A simple way to figure out your TAM is to search online for industry data and market research reports, look at publicly available customer surveys and trends data from organizations like Statistics Canada.

From here, drill down to find your target customers. Your [target customers](#) are a group of people with common characteristics and behaviors that you'll target in your marketing strategy. You can find your target customers by:

- Assembling demographic data on age, gender, education, income, and location for the people you think will be interested in your products or services
- Creating customer personas, which are detailed character sketches of a specific target buyer for your product or service
- Reviewing your competitors' websites, social media, and marketing communications to see who they're targeting
- Talking to friends or family members who represent your target customers
- Discovering and doing a deep dive into online or social media communities where your target customers gather
- Conducting a quick survey with a select group of your social media friends and followers who represent your target customer

# Workbook questions

How big is this market opportunity, and how large is my potential customer base?

What types of customers do my competitors target?

Who is my ideal customer?

How old are they, what are they interested in, what do they care about, and what problems do they have?

What key pain points can my business solve for these customers?

## LEARN MORE

[How to identify your target audience](#)



## Craft your business plan

While [writing a business plan](#) can be daunting, it'll provide a comprehensive roadmap for where you want your business to go—and how you plan to get there. The good news is that if you've followed steps 1-3, you've already done a lot of the legwork to get started.

### LEARN MORE

[How to write a business plan](#)  
[4 ways to fund a new business](#)

## A solid business plan is usually 10-20 pages and includes 10 essential elements:

1

**Executive summary:** An executive summary is typically a one-page, high-level overview of what's in your business plan. Think of this as an extended, more narrative version of a table of contents.

2

**Company description:** Includes your mission statement, work or business history, key objectives, and value proposition.

3

**Market research:** Details your potential market size and target customer(s)

4

**Competitive analysis:** Overview of the research you've done on competitors, their strengths, weaknesses, and unique selling proposition.

5

**Product or service description:** Distills the benefits, production process, and lifecycle of your products or services, and why what your business offers is better than competitors.

6

**Marketing and sales strategy:** Covers your plan to attract new customers and grow your business, including what advertising and promotional channels and customer retention tactics (e.g. loyalty or referral programs) you'll use to execute this strategy.

7

**Business financials:** Includes your business's proposed operating budget and financial plan, which you'll need to get a bank loan or money from investors.

8

**Organizational and management structure:** Describes your team, their roles and experience, and how their unique skills will add value to your business. This section also should include the future roles you may need to hire for to propel your business's growth.

9

**Funding needs:** Details how much money you'll need to fund your business. This should be a realistic range that factors in both best and worst-case scenarios. This section is crucial if you're a startup raising money from investors.

10

**Appendix:** Assemble a well-organized appendix for anything and everything investors will need to conduct due diligence and you or your team will need easy access to moving forward. Your appendix should include legal documents, business registries and professional licenses, and information regarding your legal structure and business type, patents, and intellectual properties. Also, don't forget to include a table of contents to make everything easily searchable.

# Workbook questions

What is my business "why"? Why is there a compelling need for my business now?

How will my business make money?

Who are my customers, and how will I reach them?

How will I market my products and services?

What goods or services will I need to get started?

What is my operating budget, and how much funding will I need to cover these costs?

**2x**

Those who finished their business plans were twice as likely to succeed in growing their business than those who have no business plans.<sup>2</sup>

# Assess your finances



Launching a business comes at a cost. You'll need capital to get started, but you'll have to understand your startup expenses first.

**Start by mapping out the projected costs for your first year in business.**

**This should include things like:**

- Fixed costs, including rent, payroll, taxes, and business insurance payments
- Variable costs such as utilities, marketing, and office supplies
- Business fees for permits, licenses, registration and incorporation fees at municipal, provincial, and federal levels, and the cost for web and logo design, brochures, and business cards
- Fee to make improvements to leased space, if your business is a brick-and-mortar
- The cost of legal and professional services, such as [accounting](#), bookkeeping, and lawyer fees
- The cost of software and equipment, such as accounting tools, inventory tracking and [payroll management](#) software, laptops, smartphones, office furniture, kitchen equipment, and more.
- Loan payments if you've borrowed money from a financial institution, family member, or business partner

As you plan for these costs, keep track of everything and potential tax deductions you might qualify for, which can offset some of your startup and ongoing expenses.

Many private foundations, cities, and provinces also offer startup funding programs to attract new businesses to their area. Do your research to find out what funding is available in your community, what you're eligible for, and how to apply.

# Ways to structure your business



## Sole proprietor or sole owner

This is a popular option for anyone who doesn't have a lot of liabilities (e.g., no employees or major investments) when they are first starting out. As your business grows, you may wish to incorporate at a later date.



## Business partnership

If you are going into business with one or more partners, then you will need to register as a business partnership. Because each partner will have a stake, you must work with a lawyer and a tax professional to layout the type, terms, and tax implications of your partnership.



## An incorporated business (corporation)

Some notable benefits of [incorporating your business](#) are tax breaks and to avoid personal or financial liabilities if, say, someone sues your company. Due to upfront costs, many sole proprietors wait until they have earned enough funds and are at the right stage to incorporate.

Generally, you must incorporate under a charter in your business's home province, but things can get complicated if you operate in multiple provinces or countries, so consult with a tax professional before incorporating it. Speak with an [accountant or bookkeeper](#) to determine which option best suits your needs today and in the future.

## LEARN MORE

[Canadian small business grants: tools and tips to get funding](#)

[A guide to the top Canadian small business loans](#)

[List of essential and nonessential startup costs](#)

# Workbook questions

What are my business's potential fixed and variable costs?

Will I structure my business as a sole proprietorship, business partnership or as an incorporated business?

What are the required steps in my city/province for registering my business?

What are the steps for incorporating my business and notifying the CRA?

What are the legal requirements for my business in terms of trademarks, logos, patents, and copyrights? How much will it cost me to get these protections?

40%

[40% of small business owners in Canada](#) received loans from a financial institution to start their business.<sup>3</sup>



## Conclusion

Opening a small business and becoming an entrepreneur takes the right mix of courage, luck, and hard work.

The journey is never a straightforward line, but you can make it a little easier. By being as prepared and as knowledgeable as possible about what it'll take to launch your business, you can transform it from the kernel of an idea into a thriving, successful company customers truly love.

Learn more about starting a business, [here](#)





## Sources

1. [Source: The World Bank Doing Business: Ease of Doing Business Rankings](#)
  2. Source: A research study by Palo Alto's Business Plan Pro
  3. Source: StatsCanada, Financing Statistics, Nov. 2013
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