

CBDC Business Start-Up Course

Lesson One - I Am Thinking of Starting A Business

**Presented by Community Business Development Corporations and
Women in Business New Brunswick**



**Community Business Development Corporation
Corporation au bénéfice du développement communautaire**



**Women in Business
Femmes en affaires**
New Brunswick | Nouveau-Brunswick

I Am Thinking of Starting A Business

Starting your own business is exciting but it can feel overwhelming. We are here to help, whether you have done the work and want to pitch an idea or need more guidance to move forward.

Be Prepared

Most entrepreneurs are aware that starting a business is a huge undertaking. However, one out of two businesses don't survive the critical first years.

Common reasons for business failure:

- An inability to attract investors
- Poor pricing of product or service
- Incorrect market segment
- Location
- Insufficient operating funds
- Underestimating cash flow requirements
- Overestimating sales potential
- Lack of marketing

Tools for Getting Started

There are many things to consider when starting a business. Choosing the right business structure, doing your market research, and developing a business plan are just a few things to consider to help you succeed.

Here are some excellent tools to assist you:

- **Community Business Development Corporations (CBDC) Business Plan Template and Video:** Developing a sound business plan is an essential part of creating any business. Business plans contribute to the future success of your business in many ways. Here is a step-by-step video on how to make a business plan.
- **Business Development Bank of Canada (BDC) Market Research:** As an entrepreneur, conducting market research helps you make better business decisions and avoid costly mistakes. In fact, market research is crucial for your success whether you're entering a new market, looking for customers or launching a new product.

Discuss your Idea with Others

Before you go any further, set up an appointment with the professionals who will play an important role in starting your business:

- An accountant
- A lawyer
- A banker and/or project analyst

When choosing an accountant, lawyer or banker, think of it as building a team. They are experts in their fields and their advice will be invaluable during the start-up phase of your business.

Are you Ready to be an Entrepreneur?

Before starting or buying a business, ask yourself:

- **Expertise**—Do you have the knowledge and skills required to make this business a success? If not, take courses or work in the industry until you gain the knowledge you need.
- **Investment**—How much money is at your disposal? Starting a business is costly and it is important that you be prepared.
- **Risk Tolerance**—How much risk is involved? You need to honestly assess your personality as well as your finances to determine how much risk you can tolerate.
- **Financial Return**—Can you make a living from this business? Take the time you need to figure out if your business revenues will provide you with enough income.
- **Family Considerations**—Will this new business adversely affect your family? Sacrifices in time and money are required in the early stages of any business.

Do Your Market Research

Preliminary market research is essential. Many people believe that if they have a "good" product or service it will "sell itself". This is very seldom true.

Before anyone starts a business, a very careful assessment should be made of the market for the goods or services to be offered. **Canada Business Network** can help you connect to various market information free of charge.

Some very practical steps can be taken to examine and measure the market for the business you wish to start:

- Determine where you can expect to attract customers. Is it local, regional, provincial, national or international?
- Study the demographics to determine how they relate to your business.
- Consider the buying habits of your target market.
- Is your product or service currently being offered in your target market?
- Is there a segment of the market currently not being served by existing suppliers? Is it large enough to sustain your business?
- Can the market sustain another business? How will you attract buyers from their current suppliers?
- Evaluate the strengths and weaknesses of your major competitors. Outline your competitive advantages and evaluate barriers.
- Prepare a **Business plan**

Business Structures

There are three main types of business structures:

- **Sole proprietorship** –In a sole proprietorship, one person is responsible for all the functions required for the successful operation of the business. The proprietor is held personally liable for the debts, obligations and/or acts of the business. The proprietor is said to be self-employed.
- **Partnership** –In a partnership, two or more people or corporations combine their talents and resources to conduct business. Responsibility for all aspects of the business is usually shared among the partners, regardless of the amount of capital contributed by each individual. Each partner is also responsible for debt incurred by the other partner(s) within the limits of the business.
- **Corporation** –Incorporating creates a legal entity that is separate and distinct from its members (shareholders). A corporation generally has all of the powers and capacity of an individual person.

Buying an Existing Business

Are you considering purchasing an established business? Here are some tips:

- Request detailed information concerning year to date and historical financial statements, purchase prices.
- Obtain information and accounts receivables and payables, copies of all signed and binding contracts with either suppliers or customers.
- Establish a listing of all assets and accumulated depreciation (if needed).

- Gather any other information which would be relevant in evaluating the actual financial state of the business.

You can find Atlantic Canadian businesses for sale at the CBDC website:

www.businessatlantic.ca

Lesson One of the CBDC Business Start-Up Course has covered the topic *I'm Thinking About Starting A Business*, and touched on the subjects of being prepared to start a business, tools you can use for assistance, discussing your idea of starting a business, your readiness to be an entrepreneur, market research, business structures and buying an existing business. The next lesson in this part of this course is *Lesson Two – How to Find Financing and Funding*.