



BUSINESS START-UP KIT

**500 Progress Avenue
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Outlook, SK S0L 2N0**

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**In Partnership With:
Local & Municipal Governments
&
Private Sector**



**Western Economic
Diversification Canada**



**Diversification de l'économie
de l'Ouest Canada**

Canada



POINTS TO CONSIDER WHEN STARTING YOUR OWN BUSINESS

Throughout the years, entrepreneurs have turned their ideas into goods and services. They have met the needs and wants of consumers and, at the same time, have built rewarding careers for themselves.

Becoming Your Own Boss

Many people start a small business in order to enjoy the perceived rewards of freedom and independence. This is understandable as owning your own business can offer you the opportunity to experience freedom.

- The freedom to use your own ideas.
- The freedom to be the boss.
- The freedom to not be fired.
- The freedom to earn as much as you want.

In fact, you don't have to work unless you want to; or do you?

The reality of small business ownership can be quite different. Many small business owners will tell you that they work more hours than when they worked for someone else.

A lot of these hours are the result of demands of others.

Some of the more demanding others can be the regulations imposed by provincial and federal governments. Some of the other regulations that must be adhered to are: federal and provincial licensing; local safety and health regulations; environmental protection rules; employee deductions and labour standards.

Then there are the significant others, who impact the bottom line—the customer. You must satisfy your customers. For these people will ultimately decide whether or not your business will succeed. You will be successful only if you can provide them with the goods or services that they want or need badly enough to pay for.

Then there are your financial others—the people who provided you with funds to get your business started. They might be relatives, friends, bankers. No matter who they are, they will have a vested interest in how will you run your business.

Even your competitive others will become more significant as their policies and competition will affect the way you run your business, the hours you work, prices, profits and more.

As the most important other, you alone will take full credit when errors in business decisions are made. A decision that can result in losses, not only to yourself, but to your employees, creditors and customers as well.

It is money, after all, that is the bottom line. Your success depends upon your ability as a boss to make sure your business is making more money than it spends.

Why will “You” Succeed?

At this point, the idea of running a small business may not seem very attractive. Don't let the negatives get you down. Running your own business provides you with a tremendous source of self-satisfaction and pride.

Most small-business experts urge prospective business owners to first carefully and completely analyze the potential for his or her small business to succeed.

Typically, you will begin with analyzing yourself as a future entrepreneur. What kind of person are you? What technical or special knowledge do you have?

Self-confidence and drive, innovative thinking, goal orientation, and business and technical knowledge are necessary to succeed. These traits must also be tempered with realism. Knowing the limits of your own abilities and not being afraid to ask for help is imperative.

Successful people as well as business owners know what they want to achieve in life. They know where they are going by setting goals, paying attention to details and motivating others around them. You will be wise to understand and follow the lead of those successful people around you.

What Kind of Business

The type of business that someone enters usually is in response to a person's technical knowledge, while others may dream about being their own boss and seek a business that promises to be successful without much preference to the type of business.

Background experience and hobbies should be considered when deciding what business to start. If you are interested in an area in which you have little experience, acquire it. This can be done by arranging a job in the kind of business you are interested in, and learning everything you can about it.

There are two other factors that are just as important. Is there, or will there be, a need for the goods and services you are going to offer? If so, what is the future of it?

Fads, technology, and innovations all affect the opportunity for any business to be and remain successful.

The Odds of Success

Starting your own business is risky, statistically speaking.

Of all firms started, just about a third fail within one year, and half fail within two years. By five years approximately two-thirds are gone, but after five years the rate of discontinuation drops rapidly.

Lack of management experience accounts for nearly 90 percent of all small business failures. This does not mean that all small business managers have poor management

skills. More accurately it refers to the person's ability to deal with the "unknown" that is so likely to occur.

A recent example is the poor national and world economic situation. Some small businesses are surviving it. Others are not.

Desire a persistence along with innovative thinking improve the odds. Small business can quickly change direction and introduce new ideas and methods to continue providing a source of a good, perhaps even great income. Or at worst, they can soften the blow of economic conditions over which they have no control.

Start-up Money

After you've decided that you want to be in business, you face the problem of money. How much money will it take to start your new business? How much operating capital will you need?

Forms are available that will help you put together a very good estimate of your start-up and continuing capital requirements.

It is recommended that you become well acquainted with your local bank, as it will probably be the main outside source of capital.

All the above information should be helpful to you as you think about establishing your new business. Remember, few businesses have gone broke because the owner knew too much about his business.

**MID SASK COMMUNITY FUTURES DEVELOPMENT
CORPORATION
PRELIMINARY QUESTIONNAIRE**

CLIENT NO. _____

DATE: _____

What is the nature of the existing business or proposed business?

What products and/or services will be sold?

Who will be the primary customers for your product or service? (Be specific and provide names if applicable).

What will be your market area?

List of major competitors, and what advantages or disadvantages do you have over them?

Identify a business opportunity and prepare a business concept. This may mean coming up with several business ideas for offering products or services that fit your own unique skills, talents and interests. Then, do some investigating to find out which idea has the best chance of success for attracting and keeping customers.

The following are the kinds of ventures you might consider when looking for ideas. Try offering a product or service:

- Not available in the local community;
- That, while locally available, must be imported from elsewhere;
- That a local company uses on a regular basis;
- For which there is a high or increased demand;
- That would be a more efficient way to produce or lower the cost of an existing product or service;
- Using scrap or waste from other businesses to produce a product;
- By inventing, producing and marketing a new product;
- By repackaging an existing product and reselling it;
Or,
- By repairing or reconditioning a product and reselling it.

There are certain business situations considered not suitable.

These include:

- A business controlled by someone other than the person(s) receiving financial assistance;
- A business where revenue is mainly from commissions, such as sales commissions.

Other conditions include:

- The business must not be a subsidiary of, or financially supported by, another company. People who will be agents for the business or sub-contractors cannot get support.
- The business must be suitable for public funding and not exploit sex, religion, or politics.
- You can start your venture in an area of seasonal work, but you must work full-time during each period of self-employment. You may also be engaged in more than one type of seasonal enterprise.
- If you enter into a partnership, it must reflect that you are in control of the venture and will receive the majority of the profits.
- There may be several Self Employment Assistance Component participants in a partnership agreement. In this case, participants must receive the majority of the profits.
- In a limited company, SEA participants must hold the majority of shares with voting rights.

CHECKLISTS FOR GOING INTO BUSINESS

Summary

Thinking of owning and managing your own business? It's a good idea—provided you know what it takes and have what it takes.

Starting a business is risky at best; but your chances of making it go will be better if you understand the problems you'll meet and work out as many of them as you can before you start.

Here are some questions and worksheets to help you think through what you need to know and do. Check each question if the answer is YES. Where the answer is NO, you have some work to do.

Before you Start

- | | Yes | No |
|---|-------|-------|
| ▪ Are you the kind of person who can get a business started and Make it go? | _____ | _____ |
| ▪ Think about why you want to own your own business. Do you want badly enough to keep working long hours without knowing how much money you'll end up with? | _____ | _____ |
| ▪ Have you worked for someone else as a foreman or manager? | _____ | _____ |
| ▪ Have you had any business training in school? | _____ | _____ |
| ▪ Have you saved any money? | _____ | _____ |

How About the Money?

- | | Yes | No |
|---|-------|-------|
| ▪ Do you know how much money you need to get your business started? | _____ | _____ |
| ▪ Have you determined how much money of your own you can put into the business? | _____ | _____ |
| ▪ Do you know how much credit you can get from your suppliers—the people you will buy from? | _____ | _____ |
| ▪ Do you know where you can borrow the rest of the money you need to start your business? | _____ | _____ |
| ▪ Have you figured out what net income per year you expect to get from the business? | _____ | _____ |
| ▪ Count your salary and your profit on the money you put into the business. Can you live on less than this so that you can use some of it to help your business grow? | _____ | _____ |
| ▪ Have you talked to a banker about your plans? | _____ | _____ |

How About a Partner?

- | | Yes | No |
|--|-------|-------|
| ▪ If you need a partner with money, do you know someone who will fit—someone you can get along with? | _____ | _____ |
| ▪ Do you know the good and bad points about going in to it alone, having a partner, and incorporating your business? | _____ | _____ |

- Have you talked to your lawyer about it? _____

How About Your Customers?

Yes No

- Do most businesses in your community seem to be doing well? _____
- Have you tried to find out whether stores like the one you want to open are doing well in your community and in the rest of the country? _____
- Do you know what kind of people will want to buy what you plan to sell? _____
- Do people like to live in the area where you want to open your store? _____
- Do they need a store like yours? _____
- If not, have you thought about opening a different kind of store Or going to another neighbourhood? _____

Your Building

Yes No

- Have you found a good building for your store? _____
- Will you have enough room when your business gets bigger _____
- Can you fix the building the way you want it without spending too much money? _____
- Can people get to it easily from parking spaces, bus stops, or their homes? _____
- Have you had a lawyer check the lease and zoning? _____

Equipment and Supplies

Yes No

- Do you know just what equipment and supplies you need And how much they will cost? _____
- Can you save some money by buying second-hand equipment _____

Your Merchandise

Yes No

- Have you decided what things you will sell? _____
- Do you know how much or how many of each you will buy to open your store with? _____
- Have you found suppliers who will sell you what you need at a good price? _____
- Have you compared the prices and credit terms of different Suppliers? _____

Your Records**Yes****No**

- Have you planned a system of records that will keep track of your income and expenses, what you owe people, and what other people owe you? _____
- Have you worked out a way to keep track of your inventory so that you will always have enough on hand for your customers but not more than you can sell? _____
- Have you figured out how to keep your payroll records and take care of tax reports and payments? _____
- Do you know what financial statements you should prepare? _____
- Do you know an accountant who will help you with your records and financial statements? _____

Your Store and the Law**Yes****No**

- Do you know what licenses and permits you need? _____
- Do you know what business laws you have to obey? _____
- Do you know a lawyer you can go to for advice and help with legal papers? _____

Buying a Business Someone Else Has Started**Yes****No**

- Have you made a list of what you like and don't like about buying a business someone else has started? _____
- Are you sure you know the real reason why the owner wants to sell this business? _____
- Have you compared the cost of buying the business with the cost of starting a new business? _____
- Is the stock up to date and in good condition? _____
- Is the building in good condition? _____
- Will the owner of the building transfer the lease to you? _____
- Have you talked with other business owners in the area to see what they think of the business? _____
- Have you talked with the company's suppliers? _____
- Have you talked with a lawyer about it? _____

Advertising**Yes****No**

- Have you decided how you will advertise? (Newspapers—posters—handbills—radio—mail?) _____

- Do you know where to get help with your ads? _____
- Have you watched what the other stores do to get people to buy their product? _____

The Prices You Charge

Yes No

- Do you know how to figure what you should charge for for each item you sell? _____
- Do you know what other stores like yours charge? _____

Buying

Yes No

- Do you have a plan for finding out what your customers want? _____
- Will your plan for keeping track of your inventory tell you when it is time to order more and how much to order? _____
- Do you plan to buy most of your stock from a few suppliers rather than little from many, so that those you buy from will want to help you succeed? _____

Selling

Yes No

- Have you decided whether you will have sales clerks or self-service? _____
- Do you know how to get customers to buy? _____
- Have you thought about why you like to buy from some sales clerks while others turn you off? _____

Your Employees

Yes No

- If you need to hire someone to help you, do you know where to look? _____
- Do you know what kind of person you need? _____
- Do you have a plan for training your employees? _____

Credit For Your Customers

Yes No

- Have you decided whether or not to let your customers buy on credit? _____
- Do you know the good and bad points about joining a credit card plan? _____
- Can you tell a poor credit risk person from a good credit customer? _____

A Few Extra Questions

Yes No

- Have you figured out whether or not you could make more money working for someone else? _____
- Does your family go along with your plan to start a business of _____

your own? _____

- Do you know where to find out about new ideas and new products? _____

- Do you have a work plan for yourself and your employees? _____

If you have answered all these questions carefully, you've done some hard work and serious thinking. That's good. But you have probably found some things you still need to know more about or do something about.

Do all you can for yourself, but don't hesitate to ask for help from people who can tell you what you need to know. Remember, running a business takes guts! You've got to be able to decide what you need and then go after it.

Good Luck!!

Introduction

Think of the business plan as answers to a few basic and logical questions about a business. Imagine that someone is coming to see you to explain a new business idea. What questions would you ask in order to fully understand the new idea? Those questions are surprisingly few, simple, and should flow in a logical order.

1. What is your business? (Give us a basic description.)
2. Who will you sell to? (Tell us about your customers.)
3. How much will you sell? (Tell us if there are enough customers.)
4. Who is the competition? (Tell us about the other businesses going after the same customers.)
5. How will you achieve your sales? (Tell us what is unique about your business that will attract customers over the competition.)
6. How much profit will you make? (Tell us why the business is financially feasible.)
Make sure that you include cash flow projection statements for the three year period as well as the corresponding income and expense statement and balance sheets for the same time frames.
7. Are you a good manager? (Tell us how you intend to handle the day to day operations. Are you cut out to be an entrepreneur?)

Once you have received satisfactory answers to the above eight questions, your understanding of that new business idea will be quite thorough.

BUSINESS PLAN OUTLINE

A. Prepare a Brief Summary

1. A description of the business;
2. The amount of money required and what you are going to do with it;
3. What security you will pledge; and
4. Summary of earning projections.

B. Background Information

1. Past history of the company (should be brief and concise);
2. Provide the legal status of the company (indicate whether the business is a sole proprietorship, partnership or corporation). Include dates of commencement or incorporation, and a list of the names and addresses of the owners and what percentages of the business they own.

C. Products and Services

1. Provide a description of your products and services with an assessment of their strengths and weaknesses.
2. Patents, trade sheets and other technical advantages.
3. Technologies used; and
4. Discussion of the industry and industry projections.

D. Management

1. Organization of the company;
2. Provide brief management biographies of key personnel (include their ages and backgrounds in this type of business); and,
3. Management compensation.

E. Marketing

1. Identify:
 - The total market
 - Target market
 - Your competition (give estimates of the size of the market each competitor holds, give specific names)
 - Your marketing advantages relative to competitors
 - Your past sales and future projections
 - Risks
 - Your pricing policy
 - Your selling terms (credit policy)

- Distribution plan
2. Marketing Strategy:
 - Promotion plans
 - Methods of selling

F. Land, Buildings and Equipment

1. Location:
 - Give description
 - Provide reason for locating where you have
2. Provide details as to the amount of land required, site plan, costs of land and building, including installation of services.
3. List all machinery and equipment required:
 - Indicate costs and installation charges; and
 - Indicate from whom and where purchases are to be made

G. Operations

1. Workflow:
 - Provide diagrams if applicable; and
 - Quality control procedures to be used
2. Inventory control
3. Supplies and materials:
 - -availability or supplies, costs and terms
4. Manpower Plan:
 - Include formal job descriptions along with organization chart
 - Give salary or wage schedules
5. Manufacturing costs estimates
6. Operations Schedule:
 - Time schedule
 - Key events and decision points

H. References

1. Name of bank or others with whom you have had financial dealings:
 - Give types of loan, terms, etc., previously held
2. Name of accountant, Lawyer or other professionals with whom you have had business relationships.

I. Financial Plan

1. List all capital requirements and sources of financing;

2. Provide an income statement and balance sheet, cash flow & break-even analysis. If it is an existing business provide an income statement & balance sheet for past three years if applicable.

J. Summary of Critical Risks and Assumptions

Supplementary exhibits can also be attached to the application, including personnel resumes, community benefits and other supporting documents.

Be thorough in your written presentation. The more details supplied to support the application, the more likely it is you will earn the lender's favour.

It is very important that you go through the process of developing a proper business plan. Mid Sask Community Futures Development Corporation will help you along the way. It is essential you do the background work so you know your own business as you will be the owner/operator.

BUSINESS START-UP COSTS 
(Complete if new business)

Expenses

Land/Leasehold Improvements	\$ _____
Building/Construction	\$ _____
Equipment (Now/Existing)	\$ _____
Inventory	\$ _____
Furniture/Fixtures	\$ _____
Vehicles(s)	\$ _____
Refinancing	\$ _____
Lease/Rent (1 st Month)	\$ _____
Bookkeeping & Legal Fees	\$ _____
Spare Parts, etc.	\$ _____
Other Associated Costs	\$ _____

1. TOTAL START-UP COSTS	\$ _____
2. EQUITY/CASH CONTRIBUTION	\$ _____
3. FINANCING REQUIREMENTS (1-2)	\$ _____
A) LOAN #1 AMOUNT _____	\$ _____
B) LOAN #2 AMOUNT _____	\$ _____
C) LOAN #3 AMOUNT _____	\$ _____
4. TOTAL LOAN (S) (A+B+C)	\$ _____
5. CASH ON HAND/OPERATING CAPITAL (4-3)	\$ _____

INCOME STATEMENT (Operating/Profit-Loss)

	<u>\$ Amount</u>	<u>% Relative to total income</u>
SALES		
Gross Sales	\$ _____	
Less Returns and discounts	\$ _____	
Net Sales	\$ _____	100%
Cost of Goods Sold		
Inventory @ beginning	\$ _____	
Plus inventory purchases	\$ _____	
Plus plant and other manufacturing costs	\$ _____	
SUBTOTAL	\$ _____	
Less inventory at the end	\$ _____	
Total cost of goods sold	\$ _____	
Gross Income (subtract total cost of goods sold from net sales)	\$ _____	
Operating Expenses		
Advertising & Promotion	\$ _____	
Accounting & Legal	\$ _____	
Automobile expenses & Travel	\$ _____	
Business tax, fees, licenses	\$ _____	
Property Tax	\$ _____	
Management drawings	\$ _____	
Other salaries & wages	\$ _____	
Employee benefits	\$ _____	
Rent	\$ _____	
Insurance	\$ _____	
Loan payment	\$ _____	
Interest	\$ _____	
Maintenance & Repairs	\$ _____	
Freight	\$ _____	
Phone	\$ _____	
Utilities	\$ _____	
Office expenses, postage	\$ _____	
All other operating expenses	\$ _____	
Depreciation (equipment)	\$ _____	
TOTAL OPERATING EXPENSES	\$ _____	
NET OPERATING INCOME	\$ _____	
(subtract gross expenses from gross profit)		
Less: Income Taxes	\$ _____	
Net Profit (Loss) after Taxes	\$ _____	

PRO FORMA BALANCE SHEET

DATE:

Title:

CURRENT ASSETS

Accounts Receivable	\$ _____
Less: Allowance for bad debts (net)	\$ _____
Cash & balance in bank accounts	\$ _____
Prepaid expenses (insurance, rent)	\$ _____
Inventory @ market value	\$ _____
Other Current assets	\$ _____
TOTAL CURRENT ASSETS (A)	\$ _____

FIXED ASSETS

Land and Buildings	\$ _____
Furniture, equipment, fixtures	\$ _____
Leasehold Improvements/Inventory (personal contributions)	\$ _____
TOTAL FIXED ASSETS	\$ _____

OTHER ASSETS (Non-fixed-automobiles...)	\$ _____
TOTAL ASSETS	\$ _____

CURRENT LIABILITIES (due within 12 mo's)

Accounts payable	\$ _____
Bank Loans	\$ _____
Loans-Other:	\$ _____
Employee Deductions and sales taxes payable	\$ _____
Income taxes payable	\$ _____
Current portion of long-term debt	\$ _____
Other current liabilities	\$ _____
TOTAL CURRENT LIABILITIES (B)	\$ _____

LONG TERM Debt(over one year)

Mortgages Payable	\$ _____
Less: Current portion noted above	\$ _____
Loan from shareholders & partners	\$ _____
Other loans of long term nature	\$ _____
TOTAL LONG TERM LIABILITIES	\$ _____

TOTAL LIABILITIES	\$ _____
--------------------------	-----------------

Owner's Equity (total assets-total liabilities)	\$ _____
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Total Liabilities & Owner's Equity	\$ _____
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PERSONAL BUDGET ASSESSMENT

Housing Costs

\$\$

- Mortgage or rent _____
- Property Taxes _____
- Insurance _____
- Utilities _____
- Maintenance _____
- Garden upkeep _____
- Other housing 1 _____
- Other housing 2 _____
- Other housing 3 _____
- Other housing 4 _____
- Other housing 5 _____

Food, Household, Etc.

- Food _____
- Household _____
- Telephone _____
- Personal Care _____
- Clothing _____
- Other household 1 _____
- Other household 2 _____
- Other household 3 _____
- Other household 4 _____
- Other household 5 _____

Extraordinary

- Alimony or support payments _____
- Child Care _____
- Other Extraordinary 1 _____
- Other Extraordinary 2 _____
- Other Extraordinary 3 _____
- Other Extraordinary 4 _____
- Other Extraordinary 5 _____

Transportation

- Car Payments _____
- Insurance _____
- Gasoline _____
- Maintenance _____
- Public Transportation _____
- Other Transportation 1 _____
- Other Transportation 2 _____
- Other Transportation 3 _____
- Other Transportation 4 _____
- Other Transportation 5 _____

APPENDIX 1

Sources of Information and Required Licenses— Saskatoon and Regina Region.

**Canada—Saskatchewan
Business Service Centre**

Sources of Information and Required Licenses—Saskatoon and Region

Saskatchewan Economic and Co-operative Development

Last Verified:05/29/97

SUMMARY

Prepared by:

Saskatchewan Economic and Co-operative Development, Regional Economic Development Services

Canada—Saskatchewan Business Service Centre

122-3rd Avenue North

Saskatoon, Saskatchewan S7K 2H6

Telephone: 306-956-2323

Toll Free: 1-800-667-4374

Info-FAX: 306-956-2310

Toll Free Info-FAX: 1-800-667-9433

Saskatchewan Economic and Co-operative Development

Saskatoon Regional Office

122-3rd Avenue North

Saskatoon, Saskatchewan S7K 2H6

Telephone: 306-933-5750

Toll Free: 1-800-265-2001

To register a company name or incorporate a business

Saskatchewan Justice

Director, Corporations Branch

1871 Smith Street

Regina, Saskatchewan S4P 3V7

Telephone: 306-787-2962

Sole Proprietorship/Partnership:

\$ 50.00 Provincial Name Search

\$ 60.00 Federal Name Search

\$ 50.00 Registration

\$ 10.00 Saskatchewan Gazette Publication Fees

Incorporation:

\$ 50.00 Provincial Name Search

\$ 60.00 Federal Name Search

\$ 50.00 Registration

\$ 10.00 Saskatchewan Gazette Publication Fees

Saskatchewan Finance
Corporation Capital Tax; Education & Health
Tax (Provincial Sales Tax); Fuel Tax (Collectors);
Liquor Consumption Tax; Tobacco Tax
Saskatchewan Finance
Revenue Division
2350 Albert Street
Regina, Saskatchewan S4P 4A6
Telephone: 306-933-5660
Toll Free: 1-800-667-6102

Revenue Canada
GST; Income Tax; Payroll and Import/Export
Revenue Canada
Saskatoon Tax Services Office
340-3rd Avenue N.
Saskatoon, Saskatchewan S7K 0A8
Telephone: 306-975-5692
Toll Free: 1-800-959-5525
Record of Employment Toll-Free: 1-800-667-7554
Canada Pension Plan Toll-Free: 1-800-667-2432

Municipal Business Licence
Contact your local city hall, town or village office or
Rural municipal office
City of Saskatoon, City Hall
222-3rd Avenue North
Saskatoon, Saskatchewan S7K 0J5
Tax & Licence Division: 306-975-2400
Planning Department: 306-975-2659

Workers' Compensation
Workers compensation Board
3130-8th Street East
Saskatoon, Saskatchewan S7H 0W2
Toll Free Claims: 1-800-667-7590
Toll Free Assessment(Registration): 1-800-667-7580

Health Permit/Regulations
Public Health Inspector
City of Saskatoon
Saskatoon Community Health Unit
101-310 Idylwyld Drive North
Saskatoon, Saskatchewan S7L 0Z2
Telephone: 306-655-4605

Saskatchewan Health-Saskatoon Region
122-3rd Avenue North
Saskatoon, Saskatchewan S7K 2H6
Telephone: 306-933-6275
Rosetown: 306-867-9700

Liquor Licensing

Liquor Licensing Commission
122-3rd Avenue North
Saskatoon, Saskatchewan S7K 2H6
Telephone: 306-975-7532
Toll Free: 1-800-667-7565

Nadine Kushniryk, Inspector
Saskatoon, Saskatchewan
Telephone: 306-933-5321

Fire Regulations

Provincial Fire Commissioner
Municipal Government
122-3rd Avenue North
Saskatoon, Saskatchewan S7K 2H6
Telephone: 306-933-5053

City Fire Department

125 Idylwyld Drive South
Saskatoon, Saskatchewan S7M 1L4
Telephone: 306-975-2528

Licences Required for the Following:

**Agriculture Implement Dealers & Distributors;
Auctioneers; Collection Agents; Credit
Reporting Agents; Door-to-Door Sellers;
Motor Dealers; Pyramid Franchise Operators;
And Training Course Sellers**

Saskatchewan Justice
Consumer Protection Branch
1871 Smith Street
Regina, Saskatchewan S4P 3V7
Telephone: 306-787-5550

Health and Safety

Saskatchewan Labour
Saskatchewan Occupational Health & Safety
122-3rd Avenue North
Saskatoon, Saskatchewan S4K 2H6
Telephone: 306-933-5052
Toll Free: 1-800-667-5023

Labour Standards

Saskatchewan Labour
Labour Standards Branch
122-3rd Avenue North
Saskatoon, Saskatchewan S4K 2H6
Telephone: 306-933-5042
Toll Free: 1-800-667-1783

Business Development Bank of Canada
306-975-4822

**SOURCES OF INFORMATION AND REQUIRED LICENSES
REGINA AND REGION--306-787-1605 OR 1-800-265-2001**

**To Register a Business Name
Or Incorporate a Business**

Saskatchewan Justice
1871 Smith Street
Regina, Saskatchewan
S4P 3V7
Telephone: 306-787-2962

Revenue Canada

Regina Tax Services Office
1955 Smith Street
Regina, Saskatchewan
S4P 2N9
Telephone: 306-780-7279
Out-of-Town: 1-800-959-5525
Record of Employment: 1-800-667-7554
Canada Pension Plan: 1-800-277-9914

Labour Standards

Saskatchewan Labour
1870 Albert Street
Regina, Saskatchewan
S4P 3V7
Telephone: 306-787-2438
1-800-667-1783

**To Register a City Business License
& City Business & Property Tax**

City of Regina, City Hall
2476 Victoria Avenue
Regina, Saskatchewan
S4P 3X2
Licensing: 306-777-7233
Business Assessment 306-777-7233
Commercial Assessment: 306-777-7233
Permits/Regulations
Building Permits 306-777-7283
Mechanical & Plumbing 306-777-7292
Zoning 306-777-7551

Provincial Sales Tax (PST; E&H)

Sask. Motor Fuel & Tobacco Tax

Saskatchewan Finance
2350 Albert Street
Regina, Saskatchewan S4P 4A6
Telephone: 306-787-6645
Toll Free: 1-800-667-6102

Sask. Worker's Compensation Board

Worker's Compensation Board
200-1881 Scarth Street
Regina, Saskatchewan
S4P 4L1
Telephone: 306-787-4370
1-800-667-7590

Saskatchewan Liquor Licensing

Sask. Liquor & Gaming Authority
2500 Victoria Avenue
Regina, Saskatchewan
S4P 3M3
Telephone: 306-787-5563
1-800-667-7565

Health and Safety

Saskatchewan Labour
Occupational Health & Safety Division
Regina, Saskatchewan
S4P 3V7
Telephone: 306-787-4496
1-800-567-7233

Power/Natural Gas

Sask Power
2025 Victoria Avenue
Regina, Saskatchewan
S4P 0R9
Telephone: 306-566-2121

Sask Energy

1601 Winnipeg Street
Regina, Saskatchewan
S4P 4E7
Telephone: 306-777-9200

Telephones

SaskTel
2240-12th Avenue
Regina, Saskatchewan
S4P 0M7
Telephone: 306-777-3737
Toll Free: 1-800-667-8211

Water

Water Department
City Of Regina, City Hall
2476 Victoria Avenue
Regina, Saskatchewan
S4P 3X2
Telephone: 306-777-7208

Saskatchewan Water
111 Fairford Street East
Moose Jaw, Saskatchewan
S6H 7X9
Telephone: 306-694-3900

Fire Regulations

Fire Commissioner's Office
310-1855 Victoria Avenue
Regina, Saskatchewan
S4P 3V7
Telephone: 306-787-3774

Fire Department

City of Regina, City Hall
1205 Ross Avenue
Regina, Saskatchewan
S4P 3V7
Telephone: 306-777-7830

Highway Signage Approvals

Saskatchewan Highways & Transport
1855 Victoria Avenue
Regina, Saskatchewan
S4P 3V7
Telephone: 306-787-4969

Health Permit Regulations

Regina Health District
104-4211 Albert Street
Regina, Saskatchewan
S4S 3R6
Telephone: 306-766-7714

Pipestone Health District
Whitewood: 306-735-2814

Touchwood/Qu'Appelle Health District
Fort Qu'Appelle: 306-332-6901

Living Sky Health District
Nokomis: 306-528-4501

Moose Mountain Health District
Kenosee Lake: 306-577-2030

Licenses Required for the following:

Agriculture Implement Dealers &
Distributors; Auctioneers; Collection
Agents; Credit Reporting Agents; Door-
to-Door Sellers; Motor Dealers; Pyramid
Franchise Operators; and Training
Course Sellers

Saskatchewan Justice

Consumer Protection Branch
1871 Smith Street
Regina, Saskatchewan
S4P 3V7
Telephone: 306-787-5550

Environmental Impact Approvals

Assessment Review
Department of Environment &
Resource Management
3085 Albert Street
Regina, Saskatchewan
S4S 0B1
Telephone: 787-6132

LEGAL ISSUES IN STARTING A BUSINESS

The use of professional services is essential to the success of a small business, whether you are buying an existing business or franchise, starting from scratch on your own, or expanding a business you presently operate.

Professionals can provide the knowledge and expertise in the areas which you are limited, and they can round out your management team to ensure your business operates efficiently.

One of the professionals you will want to consult with as an entrepreneur is a lawyer.

Lawyers are highly trained professionals who deal with a full range of personal and business legal matters. Most lawyers tend to specialize in one or more areas of practice.

If your legal concerns are restricted to one speciality area, it may be best for you to deal with a lawyer who specializes directly in that area. Many business transactions have legal implications, so you should try to select a lawyer whom you can treat as a trusted business advisor.

When searching for a lawyer, ask your business associates, friends, and family for references of law firms they have used and received satisfactory services from in the past.

You may also contact the "Lawyer Referral Service" toll-free at 1-800-667-9886 for assistance in locating a lawyer that specializes in the area you require. This service is provided by the Law Society of Saskatchewan.

Before your initial meeting with a lawyer, prepare yourself to be able to explain your particular legal requirements.

You should ask the law firm what services it can provide to you, and at what cost. Hourly fees may vary widely from lawyer to lawyer, depending on the complexity of the issues, the services required, and the degree of experience of the lawyer. Once a lawyer has determined your needs and is familiar with your situation, an estimate of legal costs can usually be provided.

Some examples of legal issues which may require the services of a lawyer for your business are listed below:

- 1. Selection of a Business Structure**

Whether you plan to operate a home-based business or are involved in a large commercial operation, you will need to decide on which type of business structure best suits your needs. Your options will range from sole proprietorships, partnerships, limited or incorporated companies, to co-operatives. A lawyer can help you choose the correct form of business structure, based on such factors as the number of people involved, the type of business, tax issues, liability concerns, and financial requirements of the firm. An accountant should also be consulted regarding the tax implications of the form of business structure chosen.

- 2. Review of Lease**

Most businesses initially start out from leased premises rather than incurring the major capital investment of buying or constructing a new building. However, leases still constitute one of your largest expenses, and usually represent a long term commitment.

As such, your signed lease agreement is a very important legal document.

Leases can vary from a simple one page agreement to a lengthy complex document, depending on the space you are renting (e.g. mall).

While your Realtor can assist you in understanding the costs and basic terms of a lease, it is advisable to have a lawyer explain the ramifications before you sign on the dotted line.

3. **Buying an Existing Business**

When buying an existing business, you may be faced with deciding whether to buy only the assets of the business, or in the case of an incorporated company, the shares of that company. In the case of the latter, you will also be assuming the liabilities of that company. Before completing such a transaction, a lawyer should be used to conduct various searches in order to protect your investment (e.g. outstanding liens against the company's assets).

With any business purchase, you should have a buy/sell agreement signed by both parties which spells out the demands and obligations of each, as well as the terms of the deal (e.g. non-competition provision).

You should also be checking with your accountant on the different tax implications, if purchasing the assets or shares of an existing corporation.

4. **Contracts**

If you are buying an existing business, you will want to protect yourself from any prior breach of contract or law, and to have your lawyer review any contracts still in effect after you buy-in.

There are a number of other legal issues you must ensure the business complies with such as licensing, registrations, consents, notices, environmental concerns, and employee issues.

Other forms of "contracts" that require the services of a lawyer, which you may encounter include the preparation of a partnership or shareholder agreement, a lease agreement, employment contract, mortgage, purchase agreement, or possibly a franchise agreement.

Above all, make sure you contact a lawyer before you sign anything!!!!

FORMS OF BUSINESS ORGANIZATION

From a legal point of view, there are four types of businesses:

1. Sole Proprietorships;
2. Partnerships;
3. Corporations; and
4. Co-operatives.

Sole Proprietorships

This is the simplest way to set up a business. A sole proprietor is fully responsible for all debts and obligations related to his or her business. A creditor with a claim against a sole proprietor would normally have a right against all of his or her assets, whether business or personal. This is known as limited liability.

This type of business comes under provincial jurisdiction. If the proprietor chooses to carry on a business under a name other than his/her own, he/she must register with the province. Registration, or renewal of registration, expires after three years.

If a sole proprietor establishes a business in his/her own name, without adding any other words, it is not necessary to register the business.

Partnership

A partnership is an agreement in which two or more persons combine their resources in a business with a view to making a profit. In order to establish the terms of the partnership and to protect partners in the event of disagreement or dissolution of the partnership, a partnership agreement should be drawn up with the assistance of a lawyer. Partners share in the profits according to the terms of the agreement.

General Partnership

All members share the management of the business and each is personally liable for all the debts and obligations of the business. This means that each partner is responsible for and must assume the consequences of the actions of the other partner(s).

Limited Partnership

Some members are general partners who control and manage the business and may be entitled to a greater share of the profits, while other partners are limited and contribute only capital, take no part in control or management and are liable for debts to a specified extent only. A legal document, setting out specific requirements, must be drawn up for a limited partnership.

All partnerships must be registered.

Corporations

A corporation is a legal entity that is separate from its owners, the shareholders. No member of a corporation is personally liable for the debts, obligations or acts of the corporations. This type of business can be incorporated at either the federal or provincial level.

A corporation is identified by the terms “Limited”, “Ltd.”, “Incorporated”, “Inc.”, “Corporation”, or “Corp.”. Whatever term, it must appear with the corporate name on all documents, stationary, and so on, as it appears on the incorporation of the document.

Private Corporation

A “private corporation” can be formed by one or more people. A majority of its directors must be Canadian residents and at least one must reside in Saskatchewan. A private corporation cannot sell shares or securities to the general public.

Public Corporation

A “public corporation” is one which issues securities for public distribution. Besides filing incorporation documents, a public corporation must file a prospectus with the Saskatchewan Securities Commission, must employ an outside auditor and must distribute semi-annual financial statements.

Federal Corporations

Private and public corporations may be incorporated federally under the Canada Corporations Act. A firm operating nationally or in several provinces may find this advantageous. A federally incorporated business must still register in each province in which it does business.

Information and incorporation documents are available from the Corporations Branch, Consumer and Corporate Affairs Canada.

Co-operatives

A co-operative is a corporation organized by people with similar needs to provide themselves with goods or services, or to make joint use of their available resource to improve their income. Their business structure ensures:

- All members have an equal say (one vote per member, regardless of the number of shares held);
- Open an voluntary membership;
- Limited interest on share capital;
- Surplus is returned to members according to amount of patronage.

Co-operatives are placed in five separate categories when they are classified by function:

- Producer co-operatives combine members’ skills and resources for mutual benefit. An example is an employment co-operative, which pools and markets the skills of the employee members and provides them with an income;
- Consumer co-operatives buy commodities in bulk and sell them to the members-owners. Examples are retail co-operatives and direct-charge co-operatives;
- Marketing co-operatives sell their members’ products. Typical products are dairy products, poultry, fish and handicrafts.
- Financial co-operatives provide a variety of financial services for their members including savings, investment and loans. Examples are credit unions, co-operative trust and insurance companies;
- Service co-operatives enable members to improve the quality, price and availability of needed services, such as health care, child care and transportation.

ADVANTAGES AND DISADVANTAGES OF EACH FORM OF BUSINESS ORGANIZATION

SOLE PROPRIETORSHIP

Advantages

- Low start-up costs
- Greatest freedom from regulation
- Owner in direct control of decision making
- Minimal working capital required
- All profits to owner

Disadvantages

- Unlimited liability
- Lack of continuity in business organization in absence of owner
- Difficulty raising capital

PARTNERSHIP

Advantages

- Ease of formation
- Low start-up costs
- Additional sources of investment capital
- Possible tax advantages
- Limited regulation
- Broader management base

Disadvantages

- Unlimited Liability
- Lack of continuity
- Divided authority
- Difficulty raising additional capital
- Hard to find suitable partners
- Possible development of conflict between partners

CORPORATION

Advantages

- Limited Liability
- Specialized management
- Ownership is transferable
- Continuous Existence
- Possible tax advantages(i.e. lower small business tax)
- Easier to raise capital

Disadvantages

- Closely regulated
- Most expensive form to organize
- Charter restrictions
- Extensive record keeping necessary
- Double taxation of dividends

CO-OPERATIVES

Advantages

- Owned and controlled by members
- Democratic control by one member, one vote
- Limited Liability
- Profit distribution (surplus earnings) to members in proportion to use of service; surplus may be allocated in shares or cash

Disadvantages

- Possibility of development of conflict between members
- Longer decision making process
- Requires members to participate for success
- Less incentive to invest additional capital