

# 5 Essential Steps To Take Before You Quit Your Job

**The process of starting a business doesn't have to begin after you quit your job:**

**There are several steps to establishing your business that you can take while you are still earning a paycheck. They will contribute to a smoother launch to your business. Or...**

**If you think a shakeup is coming in your company or you have decided you've really had enough ... get these steps in place first!**

**(Note: figuring out if your job is secure is a whole other topic – and sometimes unpredictable. So take these steps before you leave your job to give you a leg up on the process of starting your business!)**

## 1. **ADD TO YOUR FINANCIAL CUSHION:**

New entrepreneurs are often surprised when the bank you've been dealing with for years – sometimes decades – isn't as keen to give you a loan. That is because as an entrepreneur – they now assess your risk to them differently.

**What can you find as a new entrepreneur?**

- Unless you have a lot of financial resources with your bank, your risk profile increases
- They will be hesitant to lend you additional money.
- **This is largely because inexperience may lead to mistakes when you first start out.** (Ask the Scotiabank account manager who teaches one of our classes on setting up your business!).

**What factors can make a difference to loan/line of credit interest rate, terms and approval?**

- Work on improving your credit rating now.
- Reduce your life costs where possible.
- Have your own financial cushion in place (TFSAs, savings, even RRSPs)
- **The best alternative? Arrange a line of credit (arranged before you quit your job).** You only pay interest on money you use and you are approved while you still have a paycheck. This can help with cash flow when needed: withdraw money as you need it – then pay it back.

**Not getting a loan if you need cash flow isn't your only risk.** Risk is assessed when you apply for insurance. Insurance brokers who know our graduates (from Grow Vantage and Ask For Directions Training) educate underwriters about how these programs reduce risk by training and coaching new entrepreneurs. Why does this make a difference? Shortening the new business learning curve is important in avoiding mistakes. Our entrepreneurs were approved more easily.

## 2. REDUCE YOUR CURRENT COMMITMENTS (MONEY AND TIME)

**Money:** Are you paying for services you don't need and more? Or different versions of Netflix, Disney, Prime, etc. Check your living expenses – **and eliminate things you don't need.** Evaluating expenses is a skill you'll need in your business so making a start before you incur business expenses is a positive step.

**The same goes with your time.** Are there time commitments you can eliminate, to allow time for future planning, relationship building and developing your business? There are different approaches to this: using a calendar that can give you alerts, blocking off your most productive time **then** assigning specific tasks to accomplish. These can all help you be more productive.

## 3. IDENTIFY AND RESEARCH YOUR BUSINESS IDEA

**Why?** If you research the viability of your business idea, you'll be more efficient when you set up your business. Ask yourself these questions:

- What field are you focused on?
- Is your intended field something you really enjoy? (It is better to do what you love or at least like a lot)
- What difference can you make (problem you can solve or aspiration you can help fulfill)?
- Is it a new field (that people may not know)? Or
- Who are your competitors?

**Just a quick note about “new products/services”:** if your solution or service is new and relatively unknown, you will first have to educate your market. That may mean a longer runway for people to learn about you. For example, Uber and Airbnb looked like overnight successes. However, like other famous innovators: “overnight” took years to become known in the market.

## 4. WHAT ARE YOUR SKILLS AND WHAT YOU MIGHT HAVE TO LEARN?

**What have you learned throughout your career that you can use as a business owner?**

When we start a business, the context of our work and our life changes, so we may forget the range of skills and experience we can apply to our new business. Even if it may not seem like an exact match.

Do you have experience in your new field (whether you have professional experience, or as an interest or hobby)? Do you need additional training (that you can take while you are still an employee?) Careful! We sometimes feel that as a new business we don't know enough to sell our products or services. That isn't always true.

- **Write down the skills you have learned**
- **Which areas are new to you? Marketing, sales, product development, ownership?**
- **If you are planning a new direction – what will you need to know?**

## 5. CHECK YOUR EMPLOYMENT AGREEMENT FOR NON-COMPETE CLAUSES

In my home Canadian province of Ontario, effective October 25, 2021, employers can no longer put non-compete clauses into employment contracts or other agreements. There are 2 exceptions: <https://www.ontario.ca/document/your-guide-employment-standards-act-0/non-compete-agreements#section-1>). This exception is not universal!

Check your employment agreement. It may look like a clause preventing you from establishing a competing business in a certain geographic area or period of time.

The first steps described above can be taken before you leave your job to give you some preparation time before you open your business officially. You can even begin to train as an entrepreneur so you can hit the ground running!

For more hints and advice please stay tuned for our emails.

Patricia

## Need Some Guidance?

Schedule a free consultation at [askfordirectionstraining.com](http://askfordirectionstraining.com)

**“Ask For Directions is an essential program for ANYONE venturing into the world of entrepreneurship for the first time. It allows you to connect with and learn from other people that are starting out just like you. Plus, the instructors are dedicated and knowledgeable...”** – Diana

Questions?

Ask and call 1-866-314-6275 or: 705.727.0789 or email: [patricia@askfordirectionstraining.com](mailto:patricia@askfordirectionstraining.com)