

How To Start A Business On The Side to Gain Momentum, Increase Your Financial Security And Reduce Your Risk

You don't have to quit your job to start your business **

In fact, keeping your paycheque while you prepare your business will give you more financial security to allow you to continue to earn a salary, rather than quitting too soon. And it will make for a smoother transition when you want to work for yourself full time.

A common error to avoid: Entrepreneurs underestimate how quickly they will make enough revenue to replace their salary

**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 put yourself a step ahead on the process of starting your business!)

You may want to have a strategy call to ask questions (if you run into a tough decision?): Book a free call with Patricia:

<https://grow-vantage.appointlet.com/s/strategy-planning-session>

Phase 1: Set up:

1. What kind of business do you want to start?
2. The next three sections of phase I involve research (see below)
3. Business Structure
4. Marketing and Branding
5. Financial Structure

So... what is your business?

There are many possible foundations for a business. If you already have a business idea - congratulations! For those of you who are still considering - here are a few approaches to consider:

a) **What are you good at - and what do you love to do?**

Is there potential to make this your life's work? For example, some of my graduates have:

- wanted to follow a passion, a hobby or an interest quite different from their everyday job.
- achieved designations in completely different disciplines, e.g. healthcare, animal care, or higher education.
- Pursue an existing hobby, e.g. crafts.
- Pursue a mission to give back to society.



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

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

One common error to avoid: Research into how others have successfully commercialized an interest is a good idea. What adjustments might you have to make? Do you need additional training (that you can take while you are still an employee?)

- b) **Continuing the focus of your corporate work:** If you have invested time (and perhaps education) in the focus of your corporate career you may want to make that focus the centre of your own business. After all, you may have contacts that could launch your client group if your intention is to serve B2B audiences. If you'd like to serve other groups, such as start-ups, not-for-profits or charities, an evaluation of how you would produce revenue is advised. (One of my initial objectives was to work in early stage not-for-profits, however my research showed it would be an easy transition to revenue-production and I decided to volunteer within this sector instead).

One common error to avoid: Basing a business on your corporate career still requires research into how you will adapt what you do in your future market.

c) If you have no idea... Doing the necessary research to find your career in business will be necessary.



One common error to avoid:

More research is necessary if you are evaluating the focus of a business from scratch. This will involve identifying your preferences (including what kind of activities you enjoy doing and what you do not); mapping out your skills as objectively as you can - and what is missing (a good idea for everyone who is starting a business); and how viable the sector is...

d) For Everyone who is launching a new idea or solution in the marketplace that no-one else is doing... that may seem ideal. The truth is: introducing an idea means educating your potential clients, which may take years. Competition in the marketplace is a good thing (as counter-intuitive as that may sound).

Business Structure - what's involved?

Business Set up generally requires 3-6 months of research, preparation and implementation of the decisions you will make about your business. For example, the structure and registration of your business will involve determining the pros and cons of different taxation models, the registration requirements for either state/province or federal jurisdictions. Naming, potential trademarking, and copywriting are early activities that become the basis of establishing your unique brand: the next of your initial steps.

Some organizations (like banks, if you are looking for a loan) will want you to build a business plan. That can be a larger undertaking that you might not be quite prepared for at this stage. While it is a useful exercise to do - at this stage of your development there is a lot you may not have decided yet. What we do instead is begin the process with a Business Canvas Model that establishes the broad categories for your business.

A common error to avoid: Not balancing taxation, cost, and insurance implications of your business structure for future costs and liability.

Marketing and Branding

While you won't be ready to start marketing immediately, you will need to do the research to establish your client's identity as well as your own positioning in the marketplace (one of the fundamental activities to differentiate you from your competitors). Creating effective marketing depends on this.



A common error to avoid: I often see early stage entrepreneurs start to invest in advertising too early - before they know their client identity or avatar well through research. Before they joined my program, two of my graduates made spectacular (and expensive) mistakes in advertising early in their businesses. An interior designer invested \$25,000 in a series of high end magazine advertisements with very few results; a bookkeeper invested \$10,000 in local newspaper advertising - again with few results.

Your Financial Set Up

Put together a start up budget to help you project costs and estimate your operating budget (to the best of your ability). Not only can you plan for expenses, but you will also use this to figure into your product or service pricing. We use a pricing method that takes your business and personal costs into account in addition to the ramp up of time you'll spend in your business.... Oh, and of course the money you'll have to hand over to government agencies.

One error to avoid: I see some entrepreneurs avoid obtaining liability insurance at the beginning of their business. If you have customers, you have liability. The cost of being sued (even if you've done nothing wrong) can be thousands of dollars.

OTHER CONSIDERATIONS BEFORE YOU QUIT YOUR JOB

ADD TO YOUR FINANCIAL CUSHION

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

prevalent as a result of the COVID-19 pandemic, rising costs and inflation that governments are battling to bring down. These factors may be contributing to even more conservative approaches to loans.

What do new entrepreneurs find?

- 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, RRSPs)

The best alternative to a loan? Arrange a line of credit

- (BEFORE you quit your job to be approved while you still have a paycheque). You only pay interest on money you use. This can help with cash flow when needed: withdraw then pay that money back.

Insurance Risk?

- Risk is also 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 training on how to be an entrepreneur make a difference?

You go faster. With tried and true answers.

Shortening the new business learning curve is important in avoiding mistakes - especially those that cost money or delay success.

Our entrepreneurs were approved more easily for insurance, and most importantly they are able to put a growth strategy in place more quickly.

REDUCE YOUR CURRENT COMMITMENTS (MONEY AND TIME)

Money: Are you paying for services you no longer need? For example: many streaming services: 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.



Time: Are there time commitments you can eliminate, to make time for future planning, relationship building and developing your business?

Different approaches include: using calendar alerts, or blocking time for specific tasks to help your productivity.

CHECK YOUR EMPLOYMENT AGREEMENT FOR NON-COMPETE CLAUSES

In my home Canadian province of Ontario, effective October 25, 2021, employers could 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 that prevents you from establishing a competing business in a certain geographic area or within a 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

<https://grow-vantage.appointlet.com/s/strategy-planning-session>

ABOUT PATRICIA DENT



Ask for Directions Training and Grow Vantage provide early stage entrepreneurs with just-in-time coaching, practical training delivered by expert entrepreneurs, and a supportive community. These three ASK pillars promote success from start-up through growth, help them become profitable sooner and avoid costly mistakes that delay success.

In addition to her entrepreneurial expertise, Patricia also brings over 30 years of experience in corporate organizations from start-ups to institutions in sectors that include: financial, health, event marketing, entrepreneurial growth and professional services. She has extensive experience in communications, marketing, administration, event and facility management, with companies that include Bell Mobility, “CEO of the Year” and “Top 40 Under 40” Programs, the Toronto Stock Exchange, Ontario Centres of Excellence and Toronto Rehab Hospital.

A past president of the Barrie Chamber of Commerce, and board member of several not-for-profits, cofounder of the Small Business Connect networking group, Patricia has an Hons. BA in Sociology (U of T), Marketing certification (Ryerson University), and certifications in CRM, Coaching, and events (CMP). She is a 2022 winner of the ARCH Brown Award for Entrepreneurial Excellence and has been a finalist in several award categories, including Heart and Soul, Pay It Forward, Mayor’s Innovation Award (Pivot Point) during the pandemic.