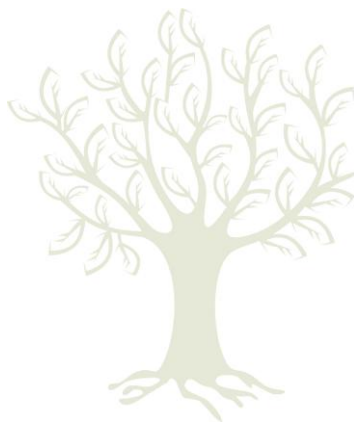


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# *Checklists for Going into Business*

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Western Economic  
Diversification Canada

Diversification de l'économie  
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# Checklists for Going into Business

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## Summary

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Thinking of owning and managing your own business? It's a good idea – provided you know what it takes. Starting a business is risky at best, but your chances of making it succeed 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. Answer each question with a YES or NO. Where the answer is NO, you have some work to do.

| <b>Before You Start</b>   | <b>Yes</b> | <b>No</b> |
|---|------------|-----------|
| Are you the kind of person who can get a business started and make it run efficiently?  |            |           |
| Think about why you want to own your own business. Do you want badly enough to work long hours without knowing how much money you will end up with? |            |           |
| Have you worked for someone else as a supervisor or manager?  |            |           |
| Have you had any business training?   |            |           |
| Have you saved any money?   |            |           |

| <b>How About The Money?</b>   | <b>Yes</b> | <b>No</b> |
|---|------------|-----------|
| Do you know how much money you will 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 income per year you expect to get from the business?              |            |           |
| Are you willing to re-invest your salary/business profits to help your business grow?       |            |           |
| Have you talked to a banker about your plans?   |            |           |

| <b><i>How About A Partner?</i></b>  | <b>Yes</b> | <b>No</b> |
|---|------------|-----------|
| If you require a partner for additional financing, do you know someone who will fit – someone you can get along with?       |            |           |
| Do you know the good and bad points about running your own business, having a partnership, and incorporating your business? |            |           |

| <b><i>How About Your Customers</i></b>  | <b>Yes</b> | <b>No</b> |
|---|------------|-----------|
| Do most businesses in your community seem to be doing well?   |            |           |
| Have you tried to find out whether or not businesses 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 business?  |            |           |
| Do they need a business like yours?   |            |           |
| If not, have you thought about opening a different kind of business or going to another location?   |            |           |

| <b><i>Your Building</i></b>  | <b>Yes</b> | <b>No</b> |
|--|------------|-----------|
| Have you found a good building for your business?                                      |            |           |
| Will you have sufficient room to expand when necessary?                                |            |           |
| Can you fix the building up the way you want without spending too much money?          |            |           |
| Can people access your business easily from parking spaces, bus stops, or their homes? |            |           |
| Have you had a lawyer review the lease and zoning?                                     |            |           |

| <b><i>Equipment and Supplies</i></b>   | <b>Yes</b> | <b>No</b> |
|--|------------|-----------|
| Do you know what equipment and supplies you need, and how much they will cost? |            |           |
| Is it feasible to buy second-hand equipment?                                   |            |           |

| <b><i>Expenses</i></b>  | <b>Yes</b> | <b>No</b> |
|---|------------|-----------|
| Do you know what your expenses will be for: rent, wages, insurance, utilities, advertising, interest, etc.? |            |           |
| Do you need to know which expenses are direct, indirect, or fixed?  |            |           |
| Do you know how much your overhead costs will be?   |            |           |
| Do you know how much your selling expenses will be?   |            |           |

| <b>Miscellaneous</b>  | <b>Yes</b> | <b>No</b> |
|---|------------|-----------|
| Are you aware of the major risks associated with your product? Service? Business? |            |           |
| Can you minimize any of these major risks?  |            |           |
| Are there major risks beyond your control?  |            |           |
| Can these risks bankrupt you?   |            |           |

| <b>Your Merchandise</b>   | <b>Yes</b> | <b>No</b> |
|---|------------|-----------|
| Have you decided what things you will sell?   |            |           |
| Do you know how much or how many of each you will need to buy to start your business? |            |           |
| Have you found suppliers who will sell you what you need at a competitive price?      |            |           |
| Have you compared the prices and credit terms of different suppliers?                 |            |           |

| <b>Your Records</b>  | <b>Yes</b> | <b>No</b> |
|--|------------|-----------|
| 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?  |            |           |

| <b>Your Business And The Law</b>  | <b>Yes</b> | <b>No</b> |
|---|------------|-----------|
| 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? |            |           |

| <b><i>Buying A Business Someone Else Has Started</i></b>  | <b><i>Yes</i></b> | <b><i>No</i></b> |
|---|-------------------|------------------|
| Have you made a list of the advantages and disadvantages of the 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 equipment/inventory 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 for sale? |                   |                  |
| Have you talked with the company's current suppliers?   |                   |                  |
| Have you talked with a lawyer about the existing business?  |                   |                  |

| <b><i>Advertising</i></b>   | <b><i>Yes</i></b> | <b><i>No</i></b> |
|---|-------------------|------------------|
| Have you decided how you will advertise? (Newspapers, posters, television, radio, internet, mail) |                   |                  |
| Do you know where to get help with your ads?  |                   |                  |
| Have you watched what other competitors do to get people to buy?                                  |                   |                  |

| <b><i>The Prices You Charge</i></b>   | <b><i>Yes</i></b> | <b><i>No</i></b> |
|---|-------------------|------------------|
| Do you know how to determine what you should charge for each item or service you will sell? |                   |                  |
| Do you know what your competitors charge?   |                   |                  |

| <b><i>Buying</i></b>   | <b><i>Yes</i></b> | <b><i>No</i></b> |
|--|-------------------|------------------|
| 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 or several? Do you know the advantages and disadvantages of each supply method? |                   |                  |

| <b><i>Selling</i></b>  | <b><i>Yes</i></b> | <b><i>No</i></b> |
|--|-------------------|------------------|
| Have you decided whether you will have sales associates or self-services?                        |                   |                  |
| Do you know how to encourage customers to buy?   |                   |                  |
| Have you thought about why you like to buy from some sales associates while others turn you off? |                   |                  |

| <b><i>Your Employees</i></b>  | <b><i>Yes</i></b> | <b><i>No</i></b> |
|---|-------------------|------------------|
| If you need to hire someone to help you, do you know where to look? |                   |                  |
| Do you know what kind of employees you need?                        |                   |                  |
| Do you have a plan for training your employees?                     |                   |                  |

| <b><i>Credit For Your Customers</i></b>                               | <b><i>Yes</i></b> | <b><i>No</i></b> |
|---|-------------------|------------------|
| 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 deadbeat from a good credit customer?                  |                   |                  |

| <b><i>A Few Extra Questions</i></b>   | <b><i>Yes</i></b> | <b><i>No</i></b> |
|---|-------------------|------------------|
| 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 business ideas and new products?                |                   |                  |
| Do you have a business plan for yourself and your employees?                            |                   |                  |