

# Guide to Military Entrepreneurship



# Table of contents

<b>Getting started</b>	<b>2</b>
• Legal basics checklist	2
• Five must-dos for entrepreneurs	3
<hr/>	
<b>Managing finances</b>	<b>4</b>
• Starting your finances on the right track	4
• Business plan	5
• Show me the money: budgeting 101	7
• Taxes 101	8
<hr/>	
<b>Growing your business</b>	<b>9</b>
• Building a better website in 6 steps	9
• Building your business through social media marketing	11

Military life is a life like no other. It cultivates excellent entrepreneurial traits that most other career paths can't match. The hard part is that Reservists, Veterans or military spouses don't always know how to get started as entrepreneurs. There isn't a set path or rank advancement chart that shows you how to be your own boss. That's where BMO can help - with the tools and expertise you need every step of the way to help you succeed.

# Getting started

Building a business takes more than a great idea. Follow these steps to make sure you start off on the right foot.

## Legal basics checklist

Starting up your own business is an exciting journey, but when it comes to dealing with legal and government regulations, you could end up feeling a bit lost.

Have no fear! Whether your company will be just you working out of your basement or a corporation with a staff of 50, there's some legal stuff nearly everyone has to take care of when you're starting out. The checklist below outlines the main things you'll need to take care of before hanging up the open-for-business sign.

As for additional regulations, permits and licenses you'll need, that will depend on a number of factors, such as: your industry; where you're conducting business; how many employees you'll have; etc. A good time to look up these requirements is when you're writing your business plan.

### 1. Choose your business structure

There are four types of business structures your new venture can have: sole proprietorship; partnership; corporation; and co-operative. Each one has varying levels of legal complexity and paperwork associated with it. Study the advantages and responsibilities of each to decide which [business structure works best](#) for you.

### 2. Incorporate your business

If you decide your business will be a corporation, you can [choose to incorporate federally or provincially](#). While each province and territory will have its own set of requirements, to incorporate at the federal level, follow this five-step process:

- i. choose a name for your corporation
- ii. complete the articles of incorporation
- iii. establish a registered office address and board of directors
- iv. file the required forms and paying fees
- v. receive your certificate of incorporation

Each of the steps above has various requirements and tasks to complete. Visit the Government of Canada website to get all the details on [how to incorporate federally](#).

### 3. Register your business

No matter which business structure you pick, you'll need to register your business in every province and territory you intend to operate (in some cases, sole proprietorships running under the name of the business owner don't need to register but check your provincial requirements for full details).

Since you'll need to register in each place where you intend to conduct business, check out the [provincial and territorial requirements](#).

### 4. Set up GST/HST account

Do you need a GST/HST number? Most businesses do when they start up, but there are exceptions so it's important to see if your business requires one. Get the most up-to-date information on whether you [need a GST/HST account and how to register](#).

If you do get a GST/HST number, you can enrol in BMO's convenient Tax [Payment and Filing Service](#) to simplify your business operations.

### 5. Take care of your taxes

Now that you have your GST/HST account, what's next? You'll need to know about what other taxes you may have to pay, along with how and when to pay them. Plus, you should learn how to keep accurate financial records and how to qualify for tax credits. Whether you do it all yourself or hire an accountant to help, make sure you [brush up on your tax basics](#).

For more info on government and legal regulations, visit the Canadian Business Network.

## Five must-dos for entrepreneurs

Once you've checked off everything on the Legal Basics checklist, there are some other things you should do to help ensure your success.

### 1. Draft a business plan

A business plan is the cornerstone of your enterprise. It outlines the essentials of your company, serving as a roadmap for investors, leadership and, more importantly, you. As highlighted in our guide to business plans, you should include seven key elements:

- The purpose of your business
- Management and ownership details
- The market you're trying to reach
- The state of the industry
- Information about your products and services
- Operations
- Historical and projected financial information

For more details on these key components, check out our [guide to building a business plan](#).

### 2. Seek advice from a mentor

Never be afraid to ask for advice. Running a business is no easy task, but you can avoid making the same [mistakes](#) many first-time entrepreneurs do. Find an experienced business executive, university professor, or trusted friend or relative who believes in you and your startup, then set up regular meetings to talk about your business goals.

Make sure your mentor shares your passion, meshes with your personality, and understands your needs and expectations. If you can't find a mentor on your own, [Futurpreneur Canada](#) specializes in helping aspiring entrepreneurs between 18 and 39 launch a business, and matches them with one of their volunteer mentors. A [CFIB Business Counsellor](#) can also help answer many of your questions.

### 3. Figure out your startup funding

Securing financing is the most challenging part of starting or growing a business for entrepreneurs, according to [Canada Business Network](#). The good news is there are many financing options and grants available for small business owners in Canada, including government grants, private sector financing and crowdfunding.

Be sure to research all your options before you decide on the best way to finance your venture. For example, BMO offers [small business loans and lines of credit](#) for ongoing or one-time financing needs. As well, the Canada Business Network can help you find [government grants, loans and financing in your province](#).

### 4. Get the word out about your small business

How will people buy from you if they don't know you exist? One word: marketing. Write a press release and send out the news.



Place an ad in the local paper. Promote yourself online with an newsletter or blog to establish yourself as someone to follow in the industry.

And be sure to take advantage of social media. Establishing a strong social media presence can be a highly effective way to publicize your business and start building relationships with customers and prospects. [More information on social media is available on Page 11](#).

Once you've solidified your social presence, consider placing targeted ads to reach your audience. Canada Business Network can help you with marketing and sales, starting with some [marketing basics](#).

### 5. Consider hiring help

Outsourcing some administrative, design and operational tasks (e.g. bookkeeping, customer service calls, website updates) can help you focus more on the parts of your business you're passionate and knowledgeable about. A virtual assistant (contractors who work remotely) can take care of a variety of administrative tasks. For help finding a virtual assistant, check out the [Canadian Association of Virtual Assistants](#).

You also might want to hire an [accountant](#) or [bookkeeper](#) to regularly balance the books and keep your finances in check. If you'd prefer to do it yourself with a little help, consider accounting software like [QuickBooks](#)®. While it is an added expense, it can save you money and time in the long run, and ensure that you're meeting the right business tax rules and regulations.

People are drawn to entrepreneurship because they want to pursue their interests. But it takes more than passion to launch a successful startup. These tips can help entrepreneurs lay the foundation to build a strong business that will prosper for years to come.

® QuickBooks is a registered trademarks of Intuit Inc.

® Registered trademark of 2ndSite Inc.



# Managing finances

Handling the bookkeeping for your small business can be overwhelming. Take the necessary steps now to gain control over your finances so you can focus on doing what you love.



## Starting your finances on the right track

Here are six tips to help you start your business on the right track and take effective control of your money.

### 1. Create a budget

Budgets aren't fun but they're crucial for managing your cash flow. They're basically a list of your projected monthly or yearly revenue and expenses. Anticipating your business's expenses helps you avoid surprises, plan for the future, and identify and address areas of concern. It's important to be as accurate as you can with your projected revenue. Compare your budget to your actual earnings and costs to get a true picture of your small business's finances.<sup>1</sup> [More information on budgeting is available on Page 7.](#)

### 2. Set up your business's books

Keeping a record of your income and expenses is critical. You'll be able to make better financial decisions about taxes, drawing an income, financing and more. There are so many free or practically free accounting programs that allow you to create the reports you need to help you better manage your cash flow and finances — including [QuickBooks](#)® — so you may as well use them!

As part of your bookkeeping efforts, open a separate [chequing account for your small business](#) and reconcile it monthly. You should also create a reliable sales reporting system with a sales book, invoices or a point-of-sale system.

### 3. Project your cash flow.

[Cash flow](#) issues, such as delinquent receivables or unexpected tax-related expenses, can be a royal pain and cause more businesses to fail than profit. A cash flow projection that includes your start-up costs, financing and sales forecasts will help you avoid these issues and help your business thrive. Follow up your projection with a cash flow statement, which is an actual record of the money that enters and leaves your bank account every month.

### 4. Create a profit and loss statement

Be sure to track your profitability on a monthly basis. Prepare and review a profit and loss statement monthly and on a fiscal year-to-date basis. It tells you how well you're managing your business and includes sales, cost of goods sold, gross profit, overhead and net profit. Take advantage of accounting software such as QuickBooks that automatically generates a profit and loss statement for any time period according to the parameters you enter.

### 5. Prepare for taxes

Set up tax accounts when you establish your business and stay on top of them so that you're not scrambling during tax season. Depending on your revenue, you may need to collect GST/HST. Find out if import taxes apply to you. If you're running a sole proprietorship, investigate withholding taxes and whether they apply to your business income. This information is available online through the [Government of Canada](#).

### 6. Hire a professional

Not a numbers person? Hire a bookkeeper or accountant to set up and/or maintain your financial records. They can crunch your numbers, provide advice and help you avoid costly financial errors.

Using available tools to track and forecast your sales and expenditures, sourcing information online, and [hiring professional assistance](#) can help ensure your small business remains fiscally healthy.

<sup>1</sup> Business Development Bank of Canada, "[Cash Flow Management: BDC Viewpoints Study](#)," April 2014.

© Intuit and QuickBooks are registered trademarks of Intuit Inc.

## Business plan

[Success in business requires a plan. You'll increase your chances of building a lasting business when you focus on the details in advance.](#)

What does a business plan look like?

*You've got the idea, now you need a plan. Here's what to include in your business plan.*

Starting a business is hard work, and even the best ideas don't always work out. Many start-ups stumble on issues like insufficient funding, supply and demand issues, and bad location.

But take heart. You can overcome these hurdles with careful planning. That's where your business plan comes in.

If you're launching a new company, or looking for funding for your existing business, writing a detailed, comprehensive business plan that outlines your company's strategy can help you increase your chance of success.

So, what does a business plan actually look like? These seven sections highlight the key information you'll need to convey about your company for a solid business plan.

What to include in your business plan:

### 1. The purpose of your business:

Think of this as your elevator pitch. What problem is your business solving? You should also include any significant experience or knowledge that will help you deliver a successful product or service. Include background information on how, when and why you entered the industry.

### 2. Management and ownership details:

Identify your company's primary owners, management team and philosophy; include job descriptions and relevant experience. Estimating any positions you'll need to fill for future maintenance or growth — including adding a board of advisors or directors — can also be helpful. Also note what legal structure you use: Are you a [proprietorship, partnership or corporation](#)?

### 3. The market you're trying to reach:

Who is your target market? What do you know about the market's attitude toward your industry and product or service? This would be the spot to list any relevant demographic data, specifically buying patterns and trends, and include any focus group findings. You might also want to mention:

Your marketing plan: How will you attract your market to your product or service? Consider including your plans for promotion, such as where you'll advertise and your marketing budget.

### 4. The state of the industry:

Name the industry's key players and identify its size, as well as any significant changes the industry has undergone in recent years (and any you anticipate). Your business plan should also touch on:

- Competition: Specify your major competitors and their strengths and weaknesses.

Differentiation: What makes your company different than your competitors? Make it clear exactly what value you offer that others in the industry don't.



#### 5. Information about your products and services:

Describe the products and services you plan to offer. What specific benefits do they provide, what need will they fulfill, and how do they fit into the market? Be sure to determine if you'll want or need any trademarks, copyrights, licenses or guarantees associated with your products or services.

#### 6. Operations:

The operations description should mention any physical logistics involved with running your company. Where will the business operate from? Do you have a location secured? What overhead costs are involved? How many employees need to work at each location and what will you pay them? What vendor relationships will you need to establish?

Lastly, be sure to include information about how inventory is stored and any regulatory issues at each location.

#### 7. Historical and projected financial information:

If this is a plan for an existing business, you should provide information from the past three to five years, as well as monthly and quarterly projections for the next year, including forecasted income and cash flow statements, and capital expenditure budgets.

Your projected balance sheet should list assets — buildings or machinery you own, cash you'll have on hand each month, money you're owed and inventory — as well as debts, such as unpaid bills and outstanding loans.

A solid business plan can help prove to investors — and reaffirm to yourself — that your entrepreneurial idea is a worthwhile one.

For more information on writing your business plan, visit the [Canadian Business Network](#) for sample business plans, templates, and business planning FAQs.

### Show me the money: budgeting 101

Your finances are an integral part of your business, so stay on top of them with a well thought-out budget.

A budget provides the framework for your small business finances. It helps you know exactly where your money is coming from and going to, which you need to know to plan for your company's success.

#### Why should my small business have a budget?

A detailed budget allows you to analyze your business's finances and plan for success. A carefully constructed budget should let you:

- project monthly cash flow
- attract investors
- set sales goals
- plan for expansion
- minimize risk
- reduce costs
- estimate profits
- identify potential financial issues

#### What should I include in my small business budget?

Use a spreadsheet or similar software to create your budget. It should include one column for your projected income and expenses and another column for your actual income and expenses. Comparing these figures lets you to pinpoint potential cost savings, areas of concern or even opportunities for expansion.

#### TIPS

These tips are neither a comprehensive review of the subject matter, nor a substitute for professional tax advice. Be sure to consult with your tax advisor to confirm the suitability of any of these strategies for your personal situation.

#### Your budget should also include the following components:

1. Sales and revenue: Project all possible sales and sources of revenue. Be realistic but err on the side of caution. If you've been in business for a while, base estimates on last year's figures and factor in potential for growth. If you're just starting out, base your projections on the research you've done on competitors or similar businesses.
2. Costs and expenses: Your budget should include projected costs for doing business. This could include amounts based on past expenses, quotes from suppliers or other research. These expenses are usually divided into five separate types of costs:
  - i. Fixed costs are unlikely to change regardless of how busy your business becomes. These include rent, insurance, utilities and financing costs.
  - ii. Variable costs may change each month. These costs are affected by a variety of business conditions, particularly fluctuations in sales volume. Examples of variable costs include travel, overtime, freight and raw materials.
  - iii. Semi-variable costs are fixed and can be affected by changes in business volume. This could include salaries, telecommunications and advertising.
  - iv. One-time capital costs are large-ticket items that are purchased once and do not represent ongoing costs. These might include computers, buildings or equipment.
  - v. Depreciation refers to items like computers, vehicles and equipment that lose value over time.
    - **Profits:** Your budget should include an estimation of profits based on the mathematical formula:  
Profit = Sales/Revenue - Total Expenses/Costs
    - **Projected cash flow:** Use your budget to project and track your business's **cash flow**, which is the amount of cash you have available each month.

#### Where can I find professional assistance?

**Your bank**, bookkeeper or accountant can help you set up your small business budget and help you know how to use it. Or if you're a DIY-er, plenty of software programs and templates are available online to help you get started. Either way, take an active role in both creating and assessing your budget to help your business along its path to success.



## Taxes 101

Tax time doesn't have to be stressful. Don't wait to learn which taxes apply to your business.

Taxes are unavoidable for any small business, but there are ways you can keep your tax costs to a minimum. For example, knowing what you must pay and when — can help you avoid unnecessary penalties and interest.

Here are some of the taxes that might apply to your small business, depending on where your business is located in Canada and whether or not you do business outside of the country.

### 1. Goods and Services Tax (GST)

This is a tax on all goods and services purchased in Canada that must be collected with your sales. The current rate for GST is 5%, but you don't have to collect it for sales outside of Canada. Once you register for GST, you can also apply for rebates on GST you pay on goods and services purchased by your business. You must [register for GST](#) if your business earns more than \$30,000 per year.

### 2. Provincial Sales Tax (PST)

You'll have to remit annual provincial sales tax on your sales in all provinces, except Alberta. Additionally, Nunavut, Yukon and Northwest Territories have no territorial sales taxes. In Quebec, the provincial sales tax is known as QST. Rates for provinces range from 6% to 10%.

If you sell to other provinces, check the rules in those provinces as rules vary widely. Most will require you to collect their sales taxes. You don't, however, have to collect sales taxes on goods sold to other countries.

### 3. Harmonized Sales Tax (HST)

Some provinces have combined (harmonized) their provincial sales tax with the federal GST, meaning you don't have to file these taxes separately. These provinces include New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Prince Edward Island.

### 4. Income Tax

If your business is a sole proprietorship, you report earnings from your business on your personal income taxes. If your business is incorporated, you pay corporation taxes based on your company earnings to both the federal and provincial and territorial governments. There is currently a small business deduction that reduces your federal corporate tax rate to 10%. Income taxes are collected annually, although you may be required to remit more frequently.

### 5. Excise taxes and duties

These [taxes](#) are charged on a wide variety of goods imported into Canada, including spirits, wine, beer, tobacco, inefficient automobiles, automobile air conditioners and some petroleum products. Rates vary, and these taxes are due at the time of entry into Canada.

### 6. Export and import taxes

Tariffs are taxes that are imposed on goods imported to or exported from Canada. Rates vary widely according to the country you're doing business with. Visit [Export Development Canada](#) to determine what tariffs might apply to your small business.

### 7. Payroll taxes

As an employer you will be expected to remit taxes to the federal government based on your payroll. These taxes include provincial and federal personal income tax remittances based on employee wages, Canada Pension Plan and Employment Insurance premiums, and sales taxes on taxable benefits you may offer to your employees.

### Knowing where to find help

[Your bank](#) or independent payroll companies can take care of calculating and remitting the various employee taxes for you, and the cost for this service may be worth the time savings. Accountants and bookkeepers can help you navigate the complicated, time-consuming process of calculating and remitting your business taxes. They should also be able to suggest strategies for passing along costs to your customers and ways to avoid overpaying taxes.

These tips are neither a comprehensive review of the subject matter, nor a substitute for professional tax advice. Be sure to consult with your tax advisor to confirm the suitability of any of these strategies for your personal situation.

# Growing your business

Once your business is up and running, take advantage of technology to get the word out about what you have to offer.

## Building a better website in 6 steps

Make sure your website is mobile-friendly. Canadians spend nearly twice as much time online on their mobile devices as they do on their computers.

Building a better website starts with knowing what you want your website to do for you. Do you want to advertise your business — whether online or storefront? Sell products or services online? Once you know what your goal are for your website, design your site with the following in mind.

### 1. Start with the best website building tools you can afford

Professional website designers can do a lot of the legwork for you and help get you noticed by customers and search engines. They're experts in the features that attract customers to your website, including search engine optimization, or SEO (more about that below). They can also work with you to create easy-to-use sign-up forms so that you can create email lists of your customers for future marketing efforts.

If you're more of a DIY type, plenty of great website building tools are available, including [Wix](#)<sup>®</sup> and [Squarespace](#)<sup>®\*</sup>. Most sites offer free versions, but the premium versions give you access to far more tools and options. Plus, sites like Squarespace will take care of making sure your company's domain name is renewed each year.

### 2. Know what to highlight

Avoid the temptation to crowd your site with content and graphics. Keep it simple and make it easy to navigate. Here are a few "must haves" for business websites:

- a clear description of who you are and what you do
- know the duties, taxes or tariffs you may have to pay
- understand the rules, regulations and permits you need
- identify applicable trade agreements or barriers
- contact information, location and business hours

### 3. Create content

Your website is a great place to show your customers that you know what you're doing. Fill it with expert advice and other content that will keep them coming back for more.

- Start with your own content. No one is as much of an expert in your business as you are. Make sure it's original and that it accurately represents your business's brand and personality.
- Offer tips and informative articles to bring in more web traffic and potential customers.
- Fill in gaps with curated (linked) content from other sites.
- Keep content fresh so people will keep coming back.

### 4. Create visual appeal and easy navigation

Test your site on several web browsers so you know how your customers will see it. Graphics should attract (not distract), so don't overuse them when building your website and stick with high-quality graphics. The same goes for how your customers should navigate your website: keep it simple and avoid distractions. Too many choices may drive customers away. Make it clear where you want them to go and help them get there.

### 5. Optimize for search engines

Search engine optimization (SEO) uses keywords to help search engines — and customers — find your website. Choose keywords that describe your services, products or customers. The more those words appear on your site — without keyword stuffing — the higher you will appear in search rankings. [Google AdWords](#) can help you determine which keywords are most commonly used in searches related to your business.

### 6. Go mobile

Make sure your website is mobile-friendly. Chances are that your customers will look for you first on their smartphone. Canadians spend nearly twice as much time online on their mobile devices as they do on their computers.

Selling your product or service means selling your business to potential customers. A great-looking website can be a great way to market your small business and create buzz for your products and services.

® Registered trademark of Wix

®\* Registered trade-mark of Squarespace





## Building your business through social media marketing

A website isn't the only way to create buzz for your business. Take advantage of social media marketing to get the word out.

Social media is a marketing gold mine for small businesses. And understanding the nuances of each social network can help you optimize your efforts and get the most bang for your buck.

The best place to start is finding out where your customers are. Each site attracts different demographics and offers distinct marketing opportunities. Take a look at the social media networks available to see which ones match up well with your specific business.

### **Social media marketing tips across networks**

Less is more with social media — particularly if you have little time to devote to it. Quality matters, but these platforms have analytical tools that you can use to make sure what you're posting is helping you find and keep customers through social media. What are you really looking for? To engage in conversations? Build brand awareness? Drive traffic? Conversions? Identify what you want and track that metric.

Once you choose your platforms and know what you want, look for tools that can save you time by automating your posts. You can also outsource by using freelancers or contracting with a social media agency.

After you've created your social media profiles, spread the word about them. Make sure your website has links to your social media pages and include your social media names on your business's printed material and email signature.

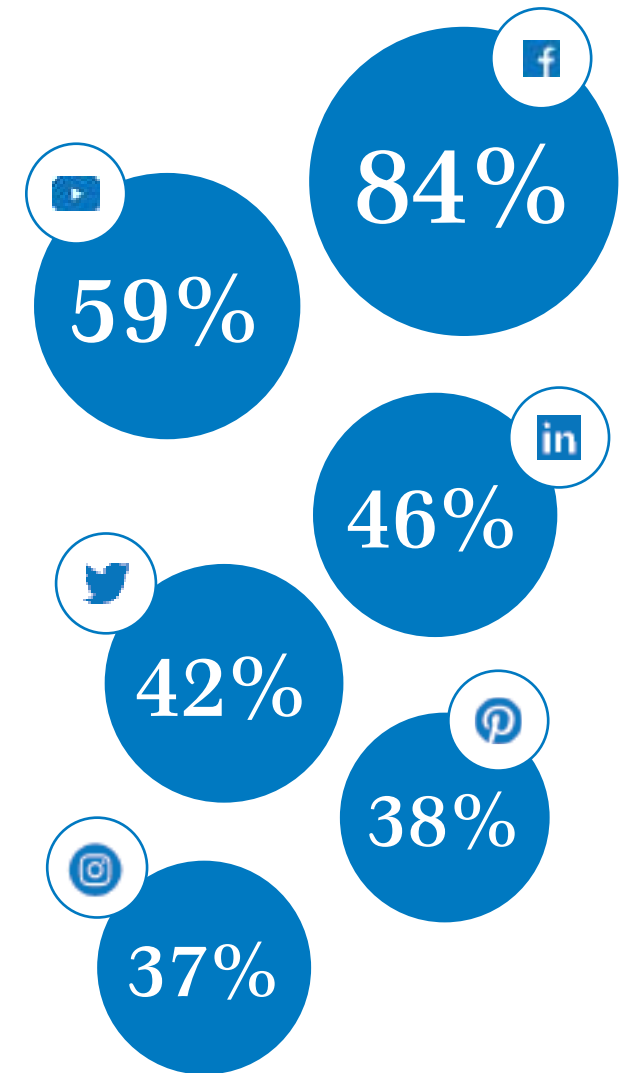
### **Facebook**

*Who's on it:* Facebook's current demographics cut across all genders, ages and incomes.<sup>2</sup>

*How to use it:* Create a page for your business to promote your products, special events, locations and hours of business. You can then add videos, images and polls to make your site more interactive. Use messages and posts to interact directly with potential customers and remember to keep content current. Maximize your social media marketing by investing some ad dollars to boost posts or run ad campaigns.

*Any issues?:* Security concerns and older users are driving younger users from the site. In 2017 alone, Facebook lost almost 3 million users.<sup>3</sup>

### Social network use by Canadian adults<sup>2</sup>



### **YouTube**

*Who's on it:* Like Facebook, YouTube's demographics are relatively consistent across gender, age and income. Men are more likely than women to use YouTube.<sup>2</sup>

*How to use it:* Set up a YouTube channel for your business and encourage customers and suppliers to subscribe. Post videos about your products and services. Preview your marketing campaigns with teaser videos and even short live announcements.

*Any issues?:* Even though your primary postings will be videos, remember to include relevant keywords in your descriptions and when tagging your videos to help draw subscribers and potential customers to your YouTube channel.

## Instagram

*Who's on it:* Users tend to skew younger (18–34), well-educated and female.<sup>2</sup>

*How to use it:* Promote your business through daily images of products and how people use them or with behind-the-scene glimpses of your company. Include discounts or promo codes. Use hashtags and mention or thank followers to further engage customers. Take advantage of Instagram Stories to promote events as they occur or call attention to short-term promotions.

*Any issues?:* The platform is primarily linked to a mobile app, so it's not computer friendly.

## Twitter

*Who's on it:* Most frequent users are young people (18–34) who tend to be wealthier than average.<sup>2</sup>

*How to use it:* Write short tweets to remind your customers about your business and products, or find new customers via Twitter search. Follow specific hashtags related to your product, and leverage popular hashtags to draw attention from influencers and customers. Connect with both influencers and your local community. Build brand loyalty and drive traffic to your website by including a link in your page bio.

*Any issues?:* It doesn't reach an older audience. Also, quality over quantity is especially crucial on this platform, so invest in good photography before posting.

## LinkedIn

*Who's on it:* 65 million business professionals from around the world, 50% of whom are decision makers for their companies.<sup>4</sup>

*How to use it:* Create a profile for yourself and a company page for your business. Market by posting regular updates and articles on topics related to your industry. Connect with potential clients or join groups, but avoid being a spammer.

*Any issue?:* A narrow demographic means that LinkedIn won't be for you if your customer base is more diverse.

Now that you know how to use social media to market your small business, use these tips to make sure that the social networks you're using are a good fit for your business and that you're achieving what you want to out of your social media marketing.

Whether you're a reservist, veteran or military spouse, if you're thinking about starting your own business, BMO will be with you every step of the way. The articles we've provided can help you get started, and we have the tools and expertise to guide you toward your entrepreneurial goals. Come talk to us.

<sup>2</sup> A. Gruzd, J. Jacobson, P. Mai, & E. Dubois. (2018, February). The State of Social Media in Canada 2017. Version: 1.0. Ryerson University Social Media Lab.

<sup>3</sup> K. Wagner & R. Molla. (2018, January 31). "Facebook lost daily users for the first time ever in the U.S. and Canada," Recode.

<sup>4</sup> J. Gallant. (2017, October 2). "45 eye-opening LinkedIn stats every B2B marketer needs to know," Foundation.





Talk to a BMO representative today or learn more at  
[www.bmo.com/CDCBBusiness](http://www.bmo.com/CDCBBusiness)

