

3.4 Up and running

Getting into action

PUTTING YOUR BUSINESS PLAN INTO ACTION – step 7 of *The Planning Process*, Fact Sheet 2.1 – is what *Up and running* is all about. There are many decisions to make at this stage, varying from which truck to buy to which bank to borrow from. Some decisions will be spelled out in your business plan and other decisions will have to be made as you go.

Move quickly

Your strategy now is to limit the time it takes to get to opening day and to the point where your business generates a positive cash flow. You have to identify the requirements in your plan that will take a significant amount of time and get these things rolling. If a certain permit takes three months or finalizing your bank financing will take a full month, then you must pursue these activities as soon as your business plan is finished and can be used as the basis for applications.

Use your plans as tools

There will be a logical order to your startup activities – things that have to be completed before other things can be started. Use the tools of the planning process, and review your business and marketing plans to include all the important steps in your startup order.

Develop a critical path

You can use the concept of *critical path* to help manage your time and organize your business startup. Critical path refers to the key steps that you have to take, organized in order to keep the total time required to a minimum. For example, your plan may indicate these steps are on your critical path:

- lease of land 9 months
- permit for boat dock 6 months
- financing in place..... 2 months
- specialized equipment 3 months
- trained staff 2 months

Putting things in order

Since it is likely that you will need the lease and the permits before your financing can be approved, you know that these will have to be obtained first. You can approach potential lenders in advance with a “draft” of your business plan but it will not be seriously considered until the lease and permits are in place. In turn, acquiring equipment and recruiting and training staff cannot be done until the lease, permits and financing are all in place. If the total time required for these five steps is 22 months, then this is the length of your critical path. If there is a delay with any of these steps – or you overlook an important step – then the critical path gets longer.

Positive cash flow

Cash may be your greatest concern when going through the process of starting the business. You may have only enough up front cash to last a certain period of time and so your business must start to generate more cash coming in the door than is going out before this time elapses. Also, you may have commitments to lenders or investors who are expecting a positive cash flow by a certain time. Given the seasonal nature of many tourism businesses, it will be a major advantage to get a positive cash flow in your first season of operation.

Plans are just a guide

As you go through the steps outlined in your plans, remember that they are just a guide to get you from A to B. Sometimes, you may have to adjust the plan to fit the reality of the situation. Do not be afraid to review, alter and adapt your plans as you get feedback and results. Change does occur regularly in the business environment and those changes may not fit with the projections that you made when you were developing your plan.

Legal considerations– register your business

All businesses, in whatever form, must be legally registered with Yukon’s Corporate Affairs office in Whitehorse. You have up to three months to do this, but you may need to do so early on to open a bank account. If you have formed a corporation as an umbrella for a number of separate businesses, you must register the corporate name and each trade name – that is, the name under which each business is normally conducted. Corporate Affairs will search its Yukon registry to ensure your proposed name is not already in use. Corporate names are also submitted to a national search.

3.4 Up and running

Your business plan will indicate the form of business which you will use. Here are advantages and disadvantages of each form.

FORM	ADVANTAGE	DISADVANTAGE
Sole Proprietorship	<ul style="list-style-type: none">• cheap, easy and quick to form• simple because there are no other people involved and you make all the decisions as and when you need to	<ul style="list-style-type: none">• limits the equity available and the management capacity to your resources only• no liability protection—you could lose personal assets• personal (higher) income tax rates on withdrawal of profits
Partnership	<ul style="list-style-type: none">• gives expanded resources to business over proprietorship. Still quite simple and cheap to form but a bit more complicated than proprietorship due to possible need for Partnership Agreement	<ul style="list-style-type: none">• limits the equity base to partners and does not provide any legal protection from creditors or other liability• you may be liable for your partner's actions• potential for disagreement with partners• personal (higher) income tax rates on withdrawal of profits
Private Corporation	<ul style="list-style-type: none">• a legally formed entity apart from yourself that has shares issued to specified people in exchange for capital investment, other consideration• Increases the ability to raise capital• provides protection to investors from business liabilities• potential tax advantages to shareholders due to (usually) lower corporate rates• can make your business more "saleable"	<ul style="list-style-type: none">• while you can do it on your own, you usually require a lawyer or accountant for help• more complicated and more costly to set up• annual filing requirements and tax return requirements will create legal and accounting fees• liability protection can be "pierced" if the investors sign "personal guarantees." Banks will often require these.• a private Corporation incorporated under the Yukon or the <i>Canada Business Corporations Act</i> has shares that cannot be publicly traded. There is a limit of 50 shareholders.

Revenue Canada accounts

Your business will also have to be registered with Revenue Canada if any of the following apply:

- you are (or plan to be) an employer,
- your business imports or exports goods (or plans to do so)
- you expect to have greater than \$30,000.00 in gross billings over any 12 month period

You will be issued a business account number for your employer, GST and other accounts. You will need to show your incorporation certificate or, if your business is a sole proprietorship or partnership, your social insurance numbers. A number can be issued within 24 hours.

Worker's compensation

You must also register your business with the Worker's Compensation Board if you have employees. You are required to do so within ten days of hiring. You also have the option of providing compensation coverage for yourself as a sole proprietor. Registration is immediate upon filling out the necessary forms and providing an estimate of the annual amount of wages you will be paying. This estimate is reviewed and the payment adjusted on an annual basis.

Business licence

One final legal requirement is that of a business licence from the community in which you conduct your business. If your business is located outside municipal limits, you need only ensure that it is registered with Corporate Affairs. Call your local municipal office for more information.

FOR MORE INFORMATION

Revenue Canada—*Elijah Smith Building, Whitehorse*
(867) 667-8154 or toll-free 1-800 959-8281

Yukon Corporate Affairs
Andrew A. Philipsen Law Centre, Whitehorse
(867) 667-5442 or toll-free 1-800 661-0408

Worker's Compensation Health and Safety Board
401 Strickland St., Whitehorse
(867) 667-5095 (Assessment Office)