



Business Idea

# Learning Outcomes

- Business idea
- Types of Businesses
- Business Plan

# Concept of Business

**BUSINESS** is an organization that strives for a profit by providing **goods** and **services** desired by its customers

## **Goods**

- tangible items manufactured by businesses, such as tablets, clothing, cars ...

## **SERVICES**

- Services are intangible offerings of businesses that can't be held, touched, or stored.
  - Physicians, lawyers, hairstylists, car washes are example providers of services

# Concepts Associated with Business

## **Risk**

- potential to lose time and money or otherwise not be able to accomplish an organization's goals

## **Revenue**

- money a company receives by providing services or selling goods

## **Costs**

- Expenses incurred in the process of creating and session goods and services

If: costs are  $>$  revenues = loss

# Entrepreneurship

“One who organizes, manages, and assumes the risks of a business or enterprise”

Webster's Dictionary

# Entrepreneurship Advantages

- Determining Monthly Salary
- You're the BOSS so you set the rules
- Opportunity to do what you love
- You determine your future and
- You're responsible for your own success
- Using your talents to generate wealth

# Entrepreneurship Disadvantages

- A regular Salary isn't guaranteed
- You hold the risk of losing everything
- Inexperience can negatively affect potential success
- It's vital that you acquire a business acumen along with your area of specialty knowledge
- Working long hours to establish brand identity and build clientele
- You're responsible for every decision

# Types of Businesses

Sole Proprietorship

Partnership

Incorporations

Co-operatives



# Sole Proprietorship

- Sole / Primary owner of the business
- fully responsible for all debts and obligations related to your business
- all profits would be yours alone to keep
- a creditor can make a claim against your person or business assets to pay off any debts

# Sole Proprietorships

## ADVANTAGES

- Easy and inexpensive to form
- only need to register your business name provincially
- Relatively low cost to start
- Lowest amount of regulatory burden
- Direct control of decision making
- Tax advantages if your business is not doing well, for example, deducting your losses from your personal income, lower tax bracket when profits are low

## DISADVANTAGES

- Unlimited liability
- Income would be taxable at your personal rate and, if your business is profitable, this may put you in a higher tax bracket
- Lack of continuity for your business, if you need to be absent
- Difficulty raising capital on your own

# Partnership

- financial resources are combined and put into the business
- You can establish the terms of your business with your partner drafting a specific business agreement
- As partners, you would share in the profits of your business according to the terms of your agreement
- should have a partnership agreement drawn up with the assistance of a lawyer, to ensure that:
  - You are protecting your interests
  - clearly established the terms of the partnership with regards to issues like profit sharing, dissolving the partnership, and more
  - meeting the legal requirements

# Partnership

## ADVANTAGES

- Easy to start up
- Start-up costs would be shared equally between partners
- Equal share in the management, profits and assets
- Tax advantage, if income from the partnership is low or loses money (you and your partner include your share of the partnership in your individual tax return)

## DISADVANTAGES

- there is no legal difference between you and your business
- Unlimited liability (if you have business debts, personal assets would be used to pay off the debt)
- Hard to find a suitable partner
- You are held financially responsible for business decisions made by your partner (for example, contracts that are broken)

# Incorporation

- can be done at the federal or provincial/territorial level
- When you incorporate your business, it is considered to be a legal entity that is separate from the shareholders
- As a shareholder of a corporation, you will not be personally liable for the debts, obligations or acts of the corporation

# Incorporation

## ADVANTAGES

- Limited liability
- Ownership is transferable
- Continuous existence
- Separate legal entity
- Easier to raise capital
- Possible tax advantage as taxes may be lower for an incorporated business

## DISADVANTAGES

- A corporation is closely regulated
- More expensive to incorporate than a partnership or sole proprietorship
- Extensive corporate records required: shareholder and director meetings, and documentation filed annually with the government

# Co-operatives

- business that owned by an association of members.
- least common form of business
- can be appropriate in situations where a group of persons or businesses decide to pool their resources to provide access to common needs, such as: delivery of products or services, the sale of products or services, employment, and more.

# Co-operatives

## ADVANTAGES

- Owned and controlled by members
- Democratic control (one member, one vote)
- Limited liability
- Profit distribution

## DISADVANTAGES

- Longer decision-making process
- Participation of members needed for success
- Extensive record keeping
- Less incentive to invest additional capital



# Not-For-Profit Corporation

- organizations that provide products or services without making profit
- generally dedicated to activities that improve or benefit a community
- may generate revenue, but only if the revenue goes back into the organization to further its aims and projects
- You can structure your not-for-profit organization as a federal or provincial corporation

Examples:

Professional or community organizations

Sport or athletic

Social clubs

Service clubs (for example Kiwanis or Lions)

Charities

Religious Institutions

# Not-For-Profit Corporation

## ADVANTAGES

- organization can get state and federal exemptions from corporate income taxes plus certain other taxes
- Tax Exempt Public and Private Donations
- protecting members of your organization from personal liability

## DISADVANTAGES

- Forming a nonprofit corporation is not simple
- include a lot of paperwork and some expense (hiring lawyer)
- restrictions too, such as no pay or directors, and when your organization closes, its assets must be given to another nonprofit

# Business Mission Statement

Mission statement conveys the essence of an agency / organization

- Answers the question – what are we about?
- Reflects the reason for existing
- Unique identity that sets it apart from others
- Clarifies for the community and employees what the organization considers important
- Usually succinct and declarative

In a leisure services organization a well understood mission provides: unity, focus and a starting point for future endeavors

# Business Vision Statement

Addresses what an organization wants to become and where it wants to be in the future. A well written vision statement will:







- Grab the reader
- Compel action and a desire to 'join up'
- Empower , inspire excitement and enthusiasm
- Articulate a desirable and realistic future


A practical vision serves as the hub or centre of the programming planning cycle

# How To Write A Compelling Vision Statement

☰ YouTube<sup>CA</sup>

## Vision Statements of Famous Brands

 <p>To establish Starbucks as the premier purveyor of the finest coffee</p>	 <p>To become the world's most loved, most flown, and most profitable</p>	 <p>To be the best way to pay and be paid, for everyone, everywhere.</p>
 <p>To provide access to the world's information in one click.</p>	 <p>To create the most compelling electric car company of the 21st</p>	 <p>To bring inspiration and innovation to every athlete in the world.</p>



# Importance of a Business Plan

It forces you to:

- Arrange your thoughts in logical order
- Simulate reality and anticipate pitfalls before they occur
- Base your decision on facts and figures rather than gut feel
- It can eliminate potential flaws in your business
- It assists you in making good business decisions

# Business Plan Outline

- Business Name and Logo
- Contact Details
- Contents Page
- Overall Professionalism
- Executive Summary
- Company Profile
- Market Research
- Market Plan
- Operations
- Finance
- Summary

Link below is a detailed overview of vital business plan criteria

[BUSINESS PLAN DETAILED OUTLINE](#)

# Business Plan Bonus: Tips to Stand Out

Investors have little patience for badly written documents. You want your business plan to be as attractive and readable as possible.

**Keep it Brief:** A typical business plan can range from 10 to 20 pages. As long as you cover the essentials: less is more.

**Make it Easy to Read:** Divide your document into distinct sections, so that investors can quickly flip between key pieces of information.

**Proofread:** Double-check for typos and grammatical errors. Then, triple check. Otherwise, you might come off as an amateur.

**Invest in Quality Design and Printing:** Proper layout, branding, and decent printing or bookbinding give your business plan a professional feel.

**Know Your Margins:** List every cost your business is expected to incur, and make sure that you're assigning those costs to each product or service that you sell.