

Starting a business



RBC Royal Bank®



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Making your business dream a reality

Businesses are dreams, ambitions and ideas brought to life. They are often labours of love as well as sources of income. Whatever your motivations, your idea is just the beginning.

Your RBC Royal Bank® business advisor can offer you sound advice and the right financial solutions. We work with more small business owners than any other financial institution in Canada. Our business advisors have the expertise to work alongside you to help you achieve success.

In this guide, we'll show you the key steps to starting your healthy business. We'll also help you identify some of the challenges you'll face and opportunities you can pursue. We're here to help you build a successful business. Please drop by any of our RBC Royal Bank branches or contact us by phone or through our website — our information is at the back of this guide. We'll be happy to share more of our business expertise with you.

2.7 million

The approximate number of people who were self-employed in Canada in 2010.

(Source: Statistics Canada, Labour Force Survey, March 2010)

50%

The approximate percentage of workers small businesses collectively employ in the private sector.

(Source: RBC Economics, Small businesses and industries in Canada — recent trends, October 2008)

150%

The approximate percentage increase in self-employment among women since the early 1980's; self-employment as a whole has nearly doubled in that time.

(Source: Statistics Canada, Labour Force Survey, March 2010)



Getting ready to start your business

When inventor and entrepreneur Thomas Edison defined genius as 1% inspiration and 99% perspiration, he could have been talking about starting a business. Experienced entrepreneurs will tell you that the key to business success is not the original idea, but how well you execute that idea.

It's the way you carry out your idea that will turn your vision into a successful and fully functioning business.

New to Canada? We speak your language

If you are a newcomer or landed immigrant seeking financial advice and you wish to speak to someone in your own language, RBC® offers service in more than 150 languages, including Mandarin and Cantonese.

- Please call us at no charge at 1-800 ROYAL® 2-0 (1-800-769-2520).
- From outside North America, you can call us collect at 1-506-864-2275.



Assessing the challenges

Do you have a business idea that excites you and others around you? Some of your big challenges may be pretty much as you expect, but you will likely be in for some surprises, too.

What worries you most about starting your own business?

You may be surprised to discover that some problems are not as big as you imagine. For instance, what startup business owners thought might be very large challenges were not found to be significant challenges at all by existing business owners.

Startup challenge	% of startup business owners who thought this would be a challenge	% of existing business owners who found it was a challenge
Getting enough money to start your business	58%	27%
Dealing with bureaucracy and regulations	35%	26%
Tax laws	31%	17%
Dealing with banks	28%	19%
Passing your business along to your family	27%	5%
Sourcing materials or products	25%	15%

Source: The 2005 RBC Royal Bank Small Business Survey. This survey, based on 4,041 completed interviews conducted by Ipsos-Reid and released in September 2005, compared the expectations of aspiring Canadian business owners to the actual experiences of established entrepreneurs and found some interesting differences.

Are you ready to meet the challenges of starting up your own business?

All businesses have to confront challenges to prosper and grow. Below, you will see the top five challenges cited by business owners when they first started up their operations. Being aware of the challenges you too may face when getting your business up and running can help you better prepare your startup. Take advantage of your professional advisors (accountant, lawyer, RBC business advisor, management consultant) and community resources to seek out possible solutions to challenges before they arise.

Top five challenges experienced by business owners

1	Finding clients and developing your market (56%)
2	Keeping a steady workload (37%)
3	Working long hours (34%)
4	Keeping up with the competition (19%)
5	Finding qualified employees (16%)

Source: The 2005 RBC Royal Bank Small Business Survey.

The personal qualities that will help you succeed

Are you the right kind of person to operate your own business?

Successful entrepreneurs come from many backgrounds, personality types and levels of experience, but they all have one thing in common — passion for what they do.

Use this list to see which traits you have in common with successful business owners. Some of these characteristics will be more or less important to you, depending on your type of business. If you find you are lacking in certain areas, seek those qualities in others who will work closely with you.

✓ Passionate about their work

✓ Someone who takes action

✓ Strong work ethic

✓ Strategic thinker

✓ Flexible

✓ Self-aware

✓ Able to ask for advice

✓ Resourceful

✓ A leader

✓ Creative

✓ Innovative

✓ Self-disciplined

✓ Financially disciplined

✓ A good communicator

Franchising — Starting a business without creating it from scratch

Some people love running businesses and they are terrific at inspiring and managing employees, but they don't want to take the risk of building a business from scratch.

Franchising is often the answer for these people. With a franchise, you buy the right to run a business under an established brand and system. A franchise offers a “turnkey” option; in a sense, you walk right into a business that's ready to go. You have the option to buy into a business and are then responsible for the management of your location's operations.

As a franchisee, you pay an upfront franchise fee and a royalty on sales. You may also be required to buy materials and supplies from the franchisor or designated suppliers. In exchange, you usually get exclusive rights to a geographic area for that brand. One distinct advantage of a franchise is that you don't have the same learning curve to climb with respect to the product, internal administrative systems and, sometimes, programs for marketing.

Do your homework before entering into a franchise agreement. Contact current franchisees to make sure they are satisfied with their business and the support they are receiving from their franchisor.

You can learn about franchise opportunities through online sources, industry publications and franchise trade shows in major cities across Canada. Financial products and services from RBC are the leading choice in Canada for franchisees, with standard financing packages for many of the major franchise operations across the country. To find the RBC franchise specialist in your area, visit www.rbcroyalbank.com/franchise.



Assembling your support team

You may be starting out on your own in the same industry where you worked as an employee. If so, you will probably know several key players and customers whose opinions you respect. Seek their advice in any way you can — if not by meeting with them, then with a phone call perhaps, or by taking them out for breakfast or lunch. As you get to know them, ask whether you can call on them periodically to share information about your progress and get their input and guidance.

If you are entering a sector that's new to you, you will need to build a network of alliances from scratch. Contact people in similar businesses. Speak to potential clients and get feedback on your ideas. Join industry associations and attend conferences and networking events. The important goal is to identify key people who can provide you with market intelligence, contacts and ongoing feedback.

Professional advisors

Many new entrepreneurs make the mistake of waiting to talk to or even find professional advisors until after they start their business.

Talk to advisors early in the process of starting your business and get their advice. If you don't have a banker, lawyer, accountant or management consultant, ask family members, friends, business colleagues and community contacts for referrals.

Help you need	Who can offer it
<p>Mentors and networking contacts Industry information, sounding board, advice based on similar business experience</p>	<ul style="list-style-type: none"> ■ Key suppliers ■ People who once ran similar businesses or who currently run similar but non-competing businesses ■ Potential customers ■ RBC business advisors
<p>Professional advisors Professional services such as banking, accounting, legal and consulting advice</p>	<ul style="list-style-type: none"> ■ Accountants ■ Lawyers ■ RBC business advisors ■ Management consultants

Make sure that you feel that there's a fit with the professionals you consider. You will need to build a good business relationship with the advisors you choose to work with. They should understand your industry and be knowledgeable about small business. For the sake of good communication, it helps if you get along personally with your advisors as well.

An RBC business advisor will give advice for free and first consultations are often free for other professionals as well. Don't forget: these service providers have handled the affairs of dozens of businesses and can give you the benefit of the experience of others.

What you need	Who can help you?
Assistance with business plan and reality check	Your accountant
Help setting up company books	
Advice on structuring your company	
Tax planning	
Preparation of cash flow forecasts and line of credit needs	
Advice on handling customer payments and outgoing payments	
Preparation of financial statements to validate your business performance and provide insights for improvement	

What you need	Who can help you?
Incorporation of your company	Your lawyer
Business documentation (articles, bylaws, directors' minutes, shareholders' resolutions, dividend distribution, etc.)	
Shareholder agreements	
Contract review (customers, suppliers, landlords)	
Employee agreements, employment conditions and benefits plans	
Liability threats and insurance requirements	

What you need	Who can help you?
Advice on building a business plan	Your RBC business advisor
Advice on business and personal financial needs	
Help setting up your streamlined day-to-day banking to save you time and money	
Options and advice for business financing	
Advice on how to effectively manage cash flow	
Advice on how to pay employees	
Insights on convenient ways for you to pay and get paid	
Simplified expense management	
Assistance with safeguarding against fraud	
Financial advice that evolves as your business grows	

Building your business plan — What's in it for you?

Studies show that entrepreneurs who start with a written business plan are more successful than those who try to keep it all in their head. That's because they're better prepared.

Writing your business plan forces you to think through your business idea before you actually start your business. It lets you fine-tune your ideas and consider your alternatives before you get swept up in the fast pace of the actual process.

Having a business plan can help your chances of getting financing. Later, your business plan gives you something to measure yourself against, to see how well you have stuck to your plan and exactly where you may need to make changes.

Do the groundwork that will improve your business's chances of success. The 10 tips which follow include fundamental building blocks of a business plan. By addressing these points, you will be clear in your own mind about what you are doing. They will help you build a solid business plan that serves as both a way to think your way through your business idea and also to check against your progress.



Want to know more about business plans?

RBC as well as many professional service firms and government agencies offer sample business plans and sometimes even fill-in-the-blank templates. A detailed planning guide can be found on the RBC website at www.rbcroyalbank.com/sme/create-plan/business-plans, along with sample business plans.

By following through on the tips below, you'll form the basis of your business plan — a solid foundation for success.

Tip	How you benefit
<p>1 Write a sentence describing the products or services your business provides.</p>	<p>You now have a short statement that tells people (investors, customers, family members, etc.) what you do. You can use it all the time.</p>
<p>2 Write down who your customers are and why they will buy from you over the competition (e.g. price, quality, innovation, service, convenience).</p>	<p>You get a mental picture of the ideal customer, including demographics, and the way the customer thinks. It's very helpful in your marketing and other decisions such as pricing, distribution and so on.</p>
<p>3 Research your market before investing in resources (e.g. products, customers, competition, traffic patterns, parking, rents, employee availability, labour costs).</p>	<p>The more you know, the better. Try to get real numbers, not estimates, to use for your projections.</p>
<p>4 Decide how you will deliver your product or service to customers. How will they learn about your business? Will you distribute directly to customers through retail, or co-distribution arrangements or over the Internet?</p>	<p>You can now put some costs to these items and make sure the delivery methods you choose are linking up to the customers you have identified and their reasons for buying from you. You will also begin to recognize any problems or bottlenecks in your strategies and develop solutions.</p>
<p>5 Decide where you will conduct your business. Can you work at home or do you need an office, a plant or a store? Choose a location that balances all your important criteria such as budget, traffic and visibility.</p>	<p>This will lead to concrete information about the cost of rent or real estate, labour and distribution. You may also be able to determine traffic patterns, customer parking availability and other important considerations.</p>
<p>6 Forecast your finances: create realistic income statements and cash flow projections for the first two or three years. Will you have sufficient cash flow to survive startup? What is the break-even point when you begin to make money? Seek advice from your accountant and RBC business advisor.</p>	<p>This will prove to you and indicate to lenders and other partners that your ideas are based in reality. You must show that your plan has a definite timeline and will make money and pay back investors.</p>
<p>7 How will you obtain raw materials or other crucial supplies? Are there backup sources to draw upon?</p>	<p>With a list of suppliers and alternatives, you are prepared if one goes out of business or cannot meet your requirements.</p>
<p>8 Decide how many employees (if any) you need, and find out whether it is easy to hire people with the required skills in your market area.</p>	<p>You will know what skills to look for and have a better understanding of what you will need to pay, including benefits, to attract employees and fully staff your company.</p>
<p>9 Set up your advisory team: get professional advisors, partners and mentors behind you.</p>	<p>You get the benefit of their experience with other companies that have gone through similar situations.</p>
<p>10 Consider how you will deal with key risks your business may face (e.g. the failure of a key supplier or customer, product-performance issues, legal disputes and illnesses befalling key employees — including you). You may wish to buy insurance for certain risks. Check with your RBC business advisor for general advice and then talk with a licensed insurance professional.</p>	<p>You will be prepared for most foreseeable situations and better able to mitigate risks as they arise.</p>

Six low-cost ways to research your market

Before starting your business, study your market. Get real numbers so that your estimates are as accurate as possible.

It's important to understand the environment you will be operating in. Is there room for another competitor? What niche will your business fill? Once you have a picture of who your ideal customers are, determine how many live in or pass by your area, how you can best reach them with your marketing efforts and how you can pry them away from competitors.

Here are six cost-effective ways to learn as much as you can about your industry, your customers, and your competition.

1

Do your research to learn more about the sector you're interested in. Here are some of the information resources available:

- Statistics Canada
- Trade associations
- Local Chambers of Commerce
- Your local library archives
- Industry Canada
- Internet business sites
- Trade magazines

2

Survey potential customers, even if it means just having a conversation with them. Ask what they like and dislike about current suppliers, how they make buying decisions and how they rank considerations such as product quality, price, customer service and response time.

3

Consultants, professors, journalists, Chambers of Commerce and other experts are constantly studying various industries. Look for their reports online and in newspapers, magazines and research publications.

4

Seek intelligence from non-competing markets. Use the Internet to locate companies with similar products or services in other cities, and call those other business owners for more information.

5

Study your competitors. Look at their ads, examine their websites and press releases, check out their products and in-store displays. Know what they're doing, what new products they're planning and how they sell.

6

Talk to competitors. Some competitors may be willing to meet with you. While you may not learn any trade secrets, your conversation could provide valuable insights.

Choosing the right business structure

Choosing the best business structure for your situation can bring many advantages:

- Save money at tax time
- Make it easier (and cheaper) to pay yourself
- Avoid potential personal legal liability
- Allow you to bring revenue earned on foreign sales back to Canada
- Make it possible to sell your business or pass it on to heirs

There are three basic legal structures for businesses:

- **Sole proprietorship:** You alone own it and you are 100% responsible for its debts and liabilities. All earnings are taxed as your personal income. This is the most popular small business structure because it's simple and straightforward.
- **Partnership:** Two or more owners agree to share profits and losses according to their share in the firm. In a general partnership, all partners are liable for debts; in a limited partnership, one or more partners limit their liability by not actively managing the business.
- **Corporation:** The company earns revenue, incurs losses and pays taxes separately from its owners. Companies often pay tax at a lower rate than individuals. Owners' liability is limited to what they invest in the company, and they have options as to when and how they take money out of the company.

Business structure options

Your professional business advisors can provide advice on which business structure might be best for you; the advantages and disadvantages of the three basic business structures follow below. Keep in mind that, if circumstances change, a business can evolve from a sole proprietorship into a partnership, or either of those structures can evolve into an incorporated company.

Structure	Advantages	Disadvantages
Sole proprietorship	<ul style="list-style-type: none"> ■ Easy and inexpensive to form ■ Relatively low-cost startup ■ Direct control of decision-making ■ All profits go directly to you, with potential tax deductions 	<ul style="list-style-type: none"> ■ Unlimited liability (personal assets would be used to pay off business debts) ■ Income tax implications for personal tax rate ■ Decisions and continuity for your business rest solely on you
Partnership	<ul style="list-style-type: none"> ■ Easy to set up ■ Startup costs shared with partner(s) ■ Equal share in management, profits, assets ■ Tax advantages 	<ul style="list-style-type: none"> ■ Unlimited liability (personal assets would be used to pay off business debts) ■ Difficulty finding a compatible partner and potential to develop conflict of interest with partner ■ You are held financially responsible for the business decisions made by your partner
Corporation	<ul style="list-style-type: none"> ■ Limited liability ■ Separate legal entity, with continuous existence ■ Easier to raise capital ■ Possible tax advantages 	<ul style="list-style-type: none"> ■ Closely regulated, with extensive corporate records required ■ More expensive to incorporate ■ Possible conflict between shareholders and directors

Source: Adapted from Canada Business website, www.canadabusiness.ca.

Paying yourself

At the end of the day, you want to be rewarded for the effort you put into your business. How you pay yourself will depend on the business structure that you have chosen. Getting paid in a sole proprietorship or partnership has very different impacts on your personal taxes and income than getting paid through a corporation that you have set up to run your business.

Getting paid in a sole proprietorship or partnership

- As the net income of your business (or your share of the net income of a partnership) is considered your personal income, you will take money from the business by way of a “draw.”
- The net income of a sole proprietorship or partnership (and, therefore, your draw) is taxed at personal tax rates.
- Owners do not normally earn salaries, bonuses or dividends from an unincorporated business.
- “Source deductions” such as income tax, Canada Pension Plan (CPP) and Employment Insurance (EI), are not withheld from draws.
- You and your partners make your own CPP payments and quarterly tax payments.
- Net losses of the business are deductible against other sources of income, such as employment, rental and investment income.

Getting paid in a corporation

- A business owner (shareholder) can receive a regular salary and bonus like other employees.
- Source deductions such as CPP and tax must be withheld from salary and bonus payments.
- Business owners may also receive dividends, which are taxed at a lower tax rate than income.
- The net earnings (profits) of an incorporated company are taxed at combined federal-provincial corporate tax rates. Manufacturers and companies with net income of \$500,000 or less pay lower rates.
- Businesses often use employee bonuses to reduce profit so they can qualify for certain incentives, such as the small business tax rate or federal research and development tax credits.



Rewarding your hard work

Your accountant can help you set up the payment policies and systems that work best for your business and your personal needs.

Registering your business

Most businesses require various forms of registration with federal, provincial, territorial and sometimes municipal agencies. Requirements may include an operating permit, special permission to operate in your chosen location or specific qualifications for you or your employees.

In Canada, the federal government assigns each company with a unique Business Number (BN). You will need a BN if you want to register for one or more of these business accounts with the Canada Revenue Agency (CRA):

- A GST/HST (Goods and Services Tax/Harmonized Sales Tax) account
- A payroll account (if you have employees and will be making deductions)
- A corporate income tax account
- An import/export business account

In order to apply for a BN, you will need your:

- Social Insurance Number (SIN)
- Business name, location and activity
- Business structure
- Company's year end

To get a BN, contact the CRA at the phone number or web address which follows. Also, you must have a BN in order to open a GST/HST account. To open a GST/HST account, you should also contact the CRA.

The CRA can be reached at the following:

- 1-800-959-5525
- www.cra-arc.gc.ca

In Quebec, you should contact the Ministère du Revenu du Québec:

- 1-800-567-4692
- www.revenu.gouv.qc.ca

Once you have a BN for your business, you can check the federal government's Canada Business website at www.canadabusiness.ca and click first on "Starting a Business", then click on "Business name and registration" to find the requirements for registering your business in your province or territory.

Opening a business account

It's easy to open an RBC business deposit account. Just come prepared with these basic documents:

- Business documentation – trade name registration, partnership documentation or articles of incorporation
- Two pieces of personal identification, such as a valid Canadian or U.S. driver's licence, a Canadian or foreign passport, Permanent Resident Card or appropriate Immigration Form, or an RBC Personal Client Card

Who you need to register with	What to do
Federal <ul style="list-style-type: none"> ■ Corporate income tax ■ GST/HST ■ Payroll deductions (CPP and EI) ■ Importer/exporter income 	Register with Canada Revenue Agency for your Business Number – which registers you for all four purposes listed on the left – at www.businessregistration-inscriptionentreprise.gc.ca .
Provincial <ul style="list-style-type: none"> ■ Business names ■ Workers' compensation ■ Health taxes, etc. ■ Provincial sales tax ■ Employment standards 	Go to the Canada Business website at www.canadabusiness.ca to find the requirements for your province or territory and sector.
Municipal (may require) <ul style="list-style-type: none"> ■ Business licence ■ Fire safety inspection ■ Health inspection ■ Approval of any changes you make to the space where you operate your business 	Consult with local municipal offices to determine local regulations and licensing requirements. Also check that your business does not contravene any zoning or land use bylaws.

Financing your new business

In developing your business plan, you will need to create cash flow projections and financial statements. This section shows how to create your basic management tools and how you can use them to be sure your company has enough money on hand to meet your needs and still make a profit.

The basic tools of financial management

Successful business owners know that having an accurate snapshot of how your company is doing financially is key to being able to manage effectively. These tools are the fundamental building blocks to keep you informed of your company's financial status.

You can find examples of financial statements online at www.rbcroyalbank.com/sme/bigidea/finance. For more information, talk to your accountant or an RBC business advisor.

Tools	What these tools are	How to use these tools and what they show you
The “books” or daily journals	Provide daily records of incoming and outgoing cash in specific expense and revenue categories. Importance: The basis of your cash flow and financial statements.	<ul style="list-style-type: none"> ■ Have your accountant set them up. ■ Purchase bookkeeping software to make entries easy. ■ Start by doing bookkeeping yourself. ■ Hire a bookkeeper when it starts taking up too much time.
Cash flow statements	Show the difference between cash in from sales and cash out for inventory, wages, utilities and debt repayment. Importance: Profitable businesses fail if they can't pay bills on time. You must know about shortfalls in advance so that you can arrange a business line of credit.	<ul style="list-style-type: none"> ■ Indicate how much cash you have on hand. ■ Forecast cash flow needs in advance. Your accountant can show you how.
Income statements	Provide a total of revenues and expenses. Then subtract your expenses from your revenues to show a profit or loss for the relevant time period. Importance: Your income statements tell you whether you are making money or not.	<ul style="list-style-type: none"> ■ Break down revenues and expenses into product/service categories to show you what makes the most money and what doesn't. ■ Using bookkeeping software will help you prepare and keep a running tabulation. Your accountant can help you get set up.
Balance sheets	List your business assets and liabilities, with the difference between the two showing the company's net worth. This is also known as shareholders' equity. Importance: Your balance sheet gives you insight into the financial picture of your business.	<ul style="list-style-type: none"> ■ Show when the company can wholly or partially self-finance new opportunities when you see a large cash component. ■ Indicate overbuying or sales slowdown when you see a large inventory component. ■ Strong balance sheets show the company can be used for collateral against debt. ■ Useful when you want to sell your company or pass it along to heirs. ■ Use software to prepare automatically.

Figuring out how much money you need

Financing is the big question for many people who want to start a business.

It's simple arithmetic, but be realistic. Try a number of different scenarios including some very pessimistic ones so you can see what will happen if things don't go as well as you expected them to. The greater the variety of scenarios you look at, the more prepared you will be to react quickly if things don't turn out as expected.

There are three main parts to figuring out how much money you need to start your business:

PART 1: Calculating your startup costs.

PART 2: Calculating your cash flow needs — add how much you need to cover shortfalls in your cash flow.

PART 3: Achieving break-even — subtract your initial investment (money from you, your family or partners). This will give you the dollar amount you need to start your business.

PART 1: Calculating your startup costs

Begin by adding up your startup costs which might include:

- Rent deposits and leasehold improvements
- Licences and permits
- Down payments on equipment and vehicles
- Employee recruitment and training
- Initial inventory
- Marketing materials and advertising

To calculate how much your own business startup costs could be, go to www.rbcroyalbank.com/business and click on the cash flow tool.

SJ Consulting case study: startup costs

This fictitious new business, which we've called SJ Consulting, is intended to illustrate startup costs, personal investments, cash flow and break-even points. Jana Roy and Sanjay Kumar have decided that there is a need in the marketplace for a consulting company that can offer cost-cutting and efficiency advice to small- and medium-sized businesses. They started their company on January 1, calling it SJ Consulting Co.

Jana and Sanjay are trying to keep their startup costs to a minimum until they are sure that they have a winning business idea. They rented four offices above a storefront, did a few repairs, some cleaning and furnished the offices with some inexpensive office furniture. Their biggest expenses were some decent portable computers linked by an office network to a new colour printer for the reports they would have to write. They also hired a former colleague who is good at business analysis.

■ Rent deposit (three months' rent)	\$7,500
■ Cleaning and painting	\$1,500
■ Furniture	\$4,000
■ Computers, network and printers	\$8,000
■ Telephones and installation	\$1,000
■ Business cards, stationery and website	\$4,000
Total startup costs:	\$26,000

Know your cash cycle

Cash may not show up for 30, 60 or 90 days.

The longer it takes to collect, the more of your own or borrowed money you will need to use.

Cash drives everything. Employees, suppliers, landlords and lenders are constants.

Suppliers may ask for payment before you turn your inventory into a sale. Match customer payment terms to the terms of your suppliers whenever possible.

Get deposits or retainers whenever possible.



PART 2: Calculating your cash flow needs

You may expect income from sales during your initial months, but it pays to be conservative in your estimates — both of the volume of initial sales and of the time it will take you to turn sales into cash. You should recognize that most early business failures are from cash flow problems and underfunding — not profitability problems!

The reality is that you will need money to pay for expenses such as rent, utilities, wages and inventory for the first few months while you wait for sales to turn into cash. These are cash flow costs and you must be prepared to cover them.

Begin by estimating your sales and how long it will take customers to pay. Businesses rarely collect on their receivables immediately. Many companies must wait 30, 60 or 90 days for payment. As you work on your cash flow needs, you will begin to realize the importance of cash flow management — the art of turning sales into cash. The more you can do to quickly turn sales into cash in the operation of your business, the less you will need to personally finance or borrow.

Creating a cash flow forecast

Once you have calculated your startup costs, the next step is to draw up a cash flow forecast to find out how much money you will need to pay your bills each month until money from your sales can cover all your cash needs.

For each month, the forecast shows:

- Expected sales
- Expected cash inflow (as sales turn from accounts receivable to cash)
- Cash already on hand

Also for each month, the forecast subtracts:

- Actual cash expenses — payments for rent, utilities, wages, inventory, debt charges, taxes, etc.
- Purchases/lease charges for equipment

In any month where your total cash flow is below zero, you will need to borrow. Keep in mind that many companies set a slightly higher figure than zero because they always want to have at least some cash on hand for emergencies.

SJ Consulting case study: cash flow needs

Jana and Sanjay each decided that they would put \$10,000 into the business for a total investment of \$20,000. That left them needing \$6,000 to cover the rest of their startup costs.

To figure out how much money they needed to reach break-even when the company would be able to finance itself, Jana and Sanjay did a cash flow forecast. First, they needed to estimate their sales volumes and how quickly their sales would turn into actual cash. Here are their sales practices, estimates and known costs:

- The company sells on credit and collects all the money the following month
- Cost of sales is steady at 25% of sales
- The company's monthly overhead (salaries, rent, office supplies, etc.) is \$8,000

Revenues		January	February	March	April
A	Revenues from sales	\$20,000	\$24,000	\$32,000	\$40,000
B	Cash collected		\$20,000	\$24,000	\$32,000
Expenses					
C	Cost of sales (assumed 25% of this month's sales)	\$5,000	\$6,000	\$8,000	\$10,000
D	Shortfall in one-time startup costs (see above)	\$6,000			
E	Overhead expenses	\$8,000	\$8,000	\$8,000	\$8,000
F	Total expenses	\$19,000	\$14,000	\$16,000	\$18,000
G	Profit (loss) = A – F	\$1,000	\$10,000	\$16,000	\$22,000
H	Cash position start of month = J from previous month's end	\$0	(\$19,000)	(\$13,000)	(\$5,000)
J	Cash position at month's end = H + B – F	(\$19,000)	(\$13,000)	(\$5,000)	\$9,000

Even though SJ Consulting is a viable company with a fairly decent margin of profit on its sales, it will need to finance a cash flow shortfall of \$19,000 in its early days if it is to survive to reach profitability.

Cash flow is vital to every company's ability to operate. Don't guess at your cash flow needs. Your RBC business advisor can help you make sure that you have put together an accurate forecast. And our advice is free. Come in and talk to us.

Again, you may find it useful to check out the cash flow tool on our RBC website at www.rbcroyalbank.com/business.

Don't overlook supplier credit

When an invoice from your supplier says “net 30,” it means the supplier is giving you 30 days to pay — in other words, 30 days of credit. Sometimes, suppliers extend payment terms to 60 or 90 days. That gives you a chance to make, sell and get payment for your product or service before you have to pay for the raw materials.

According to the Canadian Bankers Association, 70% of Canadian small business owners have credit relationships with two or more suppliers.* However, don't abuse this credit by not paying on time without explaining to your supplier in advance and getting agreement. If your supplier cuts you off from credit and starts demanding payment in advance, your cash flow could suffer.



PART 3: Achieving break-even

Break-even is the point at which your company's cash on hand from sales covers your monthly fixed and variable costs. It means that you don't have to borrow any more to finance ongoing operations.

You may still need temporary funding in future months or years due to expansion, for example, or because of seasonal business cycles in your industry. But once you reach break-even, your company is financing itself.

It's tempting to predict an early break-even point when doing your cash flow forecast. Instead, be realistic and look at a variety of business projections. Don't overestimate your ability to sell and collect. Check your sales and collection estimates with knowledgeable business people, such as your RBC business advisor.

The cash flow forecast is a powerful tool that helps you see how the decisions you make to spend money today affect your ability to pay your bills tomorrow. It's also an eye-opener that shows the importance of maximizing “cash in” and controlling “cash out.”

Tips to avoid a cash shortfall

Cash shortfalls happen when either sales or collection of receivables get too slow. There are plenty of things a business owner can do to turn inventory into sales and sales into cash as quickly as possible. Try these proven cash flow boosters.

Cash flow booster	Why it works
Whenever possible, match customer payment terms with your supplier's terms.	Cash comes in at the same time as payments go out, lessening your need to borrow or invest your own money.
Ask for deposits on large sales.	Cost of supplies is usually paid before customer invoices turn into cash.
Make bank deposits daily.	Turn payments from your customers into cash as quickly as possible and catch NSF (non-sufficient funds) customer cheques more quickly.
Watch inventory — reduce purchasing if stock rises too high.	Inventory represents cash you can't use.
Offer discounts to speed the sale of slow-moving inventory.	Cash is more valuable to you.
Set prices with cash flow in mind — higher for fast movers; lower for slow movers.	High demand may mean customers will pay more; price drops may pick up the slow movers.
Watch accounts receivable closely — call quickly when payment is overdue.	Solve service or product problems that may be the reason for slow payment — find out why. If payment will be late, better you know as soon as possible so you can plan.
Offer credit only to your best customers.	Credit costs you money; you must either borrow or use cash to cover this cost.
Watch specific accounts where customers regularly pay late. They may be having financial problems.	Catch these situations early, keep a close eye on what you're owed to avoid higher than normal accounts receivable.
Use a business operating line or overdraft protection to compensate for seasonal or unplanned ups and downs.	You will always be able to pay your bills if you plan for known shortfalls in advance.



Where to get the money you need

Now that you have figured out how much money you need, you should make some decisions about where that money will come from. Most successful businesses use a combination of both debt and equity.

The financial projections included in your business plan will help you decide how much equity and debt you need to start your business and can also help forecast potential profits and costs.

EQUITY

Having some kind of equity to invest in your business is typically a requirement to be eligible to get credit. Lenders like it when owners have a strong personal investment in their business. Equity can include:

- Personal savings and investments (or those of partners)
- Property — build on or occupy property already owned or use the equity in a property to finance the business
- Money from friends and family
- Angel investors — individuals who invest in startups, looking to make major returns on their capital when you succeed
- Employees who buy in or work for shares

DEBT

Debt gives you leverage — the opportunity to use other people's capital to do more when you need it, whether it's to expand your business or cover cash shortfalls. Debt can include what you owe to:

- Banks
- Government agencies
- Suppliers
- Individuals who are willing to take a risk and lend you money



Understand bank financing

What it is:

A reliable source of low-cost lending. Often, borrowers pay interest just above prime, the bank's best rate.

What it is not:

The same thing as equity financing or an investment in your business. If you cannot meet the bank's objective rules for making loans, you may need to look to family or friends to help you with security or cash backing.

Why put in your own money?

Mortgaging the family home or cashing in hard-earned investment holdings to finance a business idea may seem risky. But there may be good reasons to consider it.

- **Least costly source:** Your own money represents the cheapest form of financing you will find. You can put cash, investments, equity in your home or other personal property to work for you because you own them.
- **Makes you a better risk for lenders:** If you risk something yourself, others may feel better taking on some of your risk. So your investment improves your chances of getting a loan.
- **You don't need to sell your asset:** You can get a second mortgage or open an RBC Homeline Plan® line of credit* on your home or use other investments as security for a business loan.

Same business, different equity – very different cash needs

You need to include in your cash flow projections the cost of paying back any debt you incur to start your business. The table below shows how a bigger equity investment at startup significantly reduces your monthly debt repayment costs.

Financing considerations	Business A	Business B
Startup funding required	\$50,000	\$50,000
Equity investment	\$25,000	\$5,000
Debt to finance startup of business operations	\$25,000	\$45,000
Interest on debt @ 7%	\$1,750 or \$145.83/month	\$3,150 or \$262.50/month
Minimum monthly payment (3% of loan balance)	\$750	\$1,350
Cash required each month to pay back debt	\$895.83	\$1,612.50



How to finance? It depends on what you want to do

When you start a business, the important thing for you is that you're not under-funded. Your RBC business advisor will help you understand how you can use different types of financing to meet different needs.

What do you need money for?	Possible solution	How it works for you
<p>I need money to cover short-term expenses like supplies, payroll and rent until my sales turn into real cash.</p> <p>I need money to get through the startup phase of my business.</p> <p>My business is seasonal and I need money to get through seasonal slow periods.</p>	Business line of credit	<ul style="list-style-type: none"> ■ Approval in advance to borrow up to set amount. ■ Pay down as cash comes in. ■ Pay monthly interest on amounts borrowed. ■ May offer credit card for added convenience.
<p>I need to be able to cover and track short-term expenses like office supplies and business travel.</p>	Business credit cards	<ul style="list-style-type: none"> ■ Easy access to cash. ■ Track expenses for planning and record-keeping separately from your personal expenses. ■ May allow you to make purchases interest-free until payment is due. ■ Select cards allow you to earn reward points, which can be rolled up from employee cards and/or combined with your personal card points balance.
<p>I need money to buy hard assets that are necessary to operate my business like buildings, vehicles and equipment.</p>	Term loan	<ul style="list-style-type: none"> ■ Pay off over longer time. Avoid tying up credit line/cash flow. ■ Regular payments make it easy to forecast cash flow. ■ Match term of loan to life of asset — pays for itself over time.
<p>I need to have access to cash when unexpected expenses arise, while keeping my credit rating intact.</p>	Overdraft protection	<ul style="list-style-type: none"> ■ Comes into effect automatically, up to your pre-determined limit, whenever your account is overdrawn. ■ Easy to repay — when you next make a deposit, those funds are applied against your overdrawn balance.

Why go to your bank first?

When you're looking to borrow to finance your business, your first thought is probably to approach your bank. It's a good choice. Going to a bank is often the simplest way of meeting your business borrowing needs. Borrowing for new business is getting even easier as Canada's banks, credit unions and co-operatives streamline their small business lending processes. RBC is leading the way with:

- Business advisors who know and understand what you need as an entrepreneur
- Business advisors who use their experience to offer ideas and advice that you may not have thought about and are knowledgeable about government programs that may be able to help your business
- Business advisors specially trained to serve both your personal and business financing needs because we know that your personal and business financing and accounts are often closely tied
- Telephone-based business advisors at 1-800 ROYAL® 2-0 (1-800-769-2520) who are accessible 24/7 — including outside regular banking hours and on weekends — to answer your questions and serve your banking needs at your convenience

Being a good credit risk

As a new business, or if you are a newcomer to Canada, you likely won't have a credit history. To decide whether to offer a startup company a loan, a bank will often look at the owner's personal credit history.

What is a credit history?

Your credit history is your personal record of repaying loans, including credit cards, on time. It may also include information on bankruptcies, foreclosures and court judgments, and even any NSF (non-sufficient funds) cheques you may have written. Credit and collection information remain on file for six years.

Why do you need to think about your credit history?

Research shows — and lenders know — that how you handled loans in the past is the best way to predict how you will handle them in the future.

What if your credit history is poor?

A poor credit history may mean you will be refused the loan you need, or that you will pay a higher interest rate because of the risk that you might not pay it back on time.

What if you have no credit history?

If you have no record at all, it's hard for the bank to predict how you will repay a loan. It may look at other factors such as collateral you can put up against the loan.

What can you do to create a good credit history?

What should you do?	How should you do this?
Make sure your credit history is accurate	<ul style="list-style-type: none"> Request your credit history from one of Canada's two major credit bureaus: Equifax (www.equifax.ca) or TransUnion (www.transunion.ca). Check for errors and file a dispute form if you wish to challenge any of the information it contains.
Build a good credit history if you don't have one	<ul style="list-style-type: none"> Take out a small loan or apply for a credit card. Keep balances small enough that you can make regular payments. Ask a family member or relative with a good credit history to co-sign a loan for you. Again, pay it off with regular payments over a few months.
Maintain a good credit history	<ul style="list-style-type: none"> Pay all your debts on time, even if it is just the minimum payment. Consolidate debts to make payments simple. Pay credit card debts to avoid paying interest.
Take action to fix a poor credit rating	<ul style="list-style-type: none"> Review your spending habits to identify the main problem area(s). Eliminate some credit cards or consolidate debt to make monthly payments more manageable. Ideally, pay off your credit card in full and on time every month. If that is not always possible, at the very least ensure the minimum monthly balance is paid off every month. Contact a reputable credit-counselling service to help you and your creditors establish a workable payment plan. Most services providing free counselling are not-for-profit.
Establish a credit history for your business	<ul style="list-style-type: none"> Apply for a business loan or business credit card to establish a credit history for the business, apart from your personal credit record. Build a track record of responsible credit management.

What to do if a bank turns you down

Banks use objective criteria to decide whether to lend money or not. If you are turned down, look at your application and see what you can do to improve it. Talk to your banker, consider making any needed changes and, if possible, resubmit it.

What banks consider	How you can support your application
Purpose of the financing (purchasing inventory, paying rent or utility deposits, startup expenses, management draws)	Consider paying for these items yourself and/or forgoing initial management draws and applying for business line of credit only.
How the loan will be repaid/sources of repayment	If you think the bank is ignoring an important factor in your favour, say so. It may have been overlooked.
Your ability to repay	Ask to borrow a smaller amount.
Personal credit history	Seek additional collateral or equity from family, friends or investors.



Understand bank financing

Remember to consult your banker for suggestions on how to change your application. RBC business advisors are trained to help with both personal and business finances, so you'll have more options for getting where you want to go.

Managing your money

Finding the funding that you need to get your business off the ground took a lot of work. Now you have to make sure you are using that money according to the plans you have carefully laid out. In other words, you must manage your company's money. Make sure cash is coming into the company and guard against waste, fraud, overspending and unbudgeted expenditures.

In most cases, you already know what you want to do: pay bills, track expenses and move money where it will do you the most good. What you may not know is how to do it and how to use specialized bank services to make it easier, faster and relatively inexpensive. Here are some banking solutions to questions you may have about how to manage your money more effectively.

Question 1: What do you want to do?

“I want to be in control of the money coming in and going out of my company.”

The first and most important thing that you need to do to manage your money well is to know your cash position at all times. That means knowing the balance in your bank account, how much of it is already earmarked for cheques you've written or payments you need to make in the near term, which payments from customers have reached your account and which ones you are still expecting.

How we can help

- **RBC Royal Bank Online Banking** makes it easy to keep track of your cash position. Your account is available 24/7, whenever and wherever you log on, allowing you to review your account balances/activities, pay bills or search past transactions. It's simple and secure.
- **You can also:**
 - Review both business and personal accounts — see which cheques were cashed and which bills were paid — using a single login
 - Set up and review future dated electronic transactions
 - Transfer funds from one account to another to meet personal and business needs
 - Access electronic statements (eStatements), which provide 24/7 access to your historical banking information, stored in a secure online archive

Question 2: What do you want to do?

“I want to use my company's surplus cash to pay down my debt or to invest to earn interest.”

This is a lot easier than you might think. You simply arrange to automatically pay down your debts whenever you have a certain amount of surplus cash in your account, or you can arrange for surplus funds to be transferred into short-term interest-paying investments that you can easily convert back to cash whenever you need it.

How we can help

- **Revolving line of credit**
 - Move money automatically to or from your business account so you borrow exactly when you need the money and pay it back when you have surplus
- **Move money between accounts online**
 - Move surplus cash into a money market account or Guaranteed Investment Certificate (GIC)

Question 3: What do you want to do?

“I want to pay as little as possible in interest and service charges.”

The first and best way to keep interest and service charges down is to stay on top of your cash situation. Keep your borrowing needs to a minimum by paying off your line of credit and business credit cards as soon as you have funds available in your account. Also, make sure you can cover cheques and other scheduled payments by using your line of credit or overdraft protection to avoid additional service charges.

How we can help

- **We make it easy to avoid NSF (non-sufficient funds) charges and minimize interest by offering:**

- Overdraft protection
- Royal Business OperatingLine®

Save yourself time and keep your reputation intact knowing that your cheques to employees and vendors will be covered.

Question 4: What do you want to do?

“I want to make payments in a timely way that meets my business needs when paying suppliers and taxes.”

Controlling the timing of your payments is an absolutely critical part of cash flow management. Sometimes, you want to take full advantage of supplier credit while at other times a special shipment may require urgent payment right away, or you may want to pay early to take advantage of a supplier discount. And it all must be done with the utmost care to keep accurate records.

For most utility bills, tax payments and other recurring fees and subscriptions, it's wise to take as long to pay as possible without getting hit with late payment fees. You can use the cash for other purposes until then, which keeps your borrowing costs down and helps to ensure your credit rating stays in good standing.

By using an online bill payment service, for example, you can schedule all your bill payments on their due dates. You pay when you want to and avoid late penalties.

How we can help

- **INTERAC® Email Money Transfer**

- Pay suppliers who have accounts at any financial institution
- Password protected secure transfer
- Instantaneous payment record

- **Payments online, by telephone or at an ATM**

- For any company you deal with which is a registered payee

- **Online tax filing**

- By registering your company for federal, provincial and municipal tax payments

Question 5: What do you want to do?

“I want to spend the least time possible on tracking payments and reconciling bank statements.”

Every business owner knows how important these tasks are, but would rather spend their time on matters closer to their heart. The fact is, you always need to know who you have paid, who has paid you and which payments are still outstanding. And it's all made possible by keeping up-to-date records of expenses and revenue.

You can track payments online by viewing your real-time account records, and download your actual account information directly into your accounting programs, saving a huge amount of time over the old manual entry method. You can even see online images of cheques you have written, a helpful way to protect yourself against fraud by checking for alterations to the payee name or amount.

A client card is a handy alternative method of payment with retailers so you don't need to use credit or cash.

How we can help

- **Online account records**
 - One-stop recording, paying and reconciling
 - No flipping between programs
 - Quick reconciliation — download account activity directly into accounting programs
- **Electronic statements (eStatements)**
 - 24/7 online access to your bank statements
 - Secure online archive
- **Online cheque imaging**
 - See who has cashed cheques
 - Make sure amounts and payees were not altered
- **Separate business and personal credit cards**
 - Ensure accurate expense tracking by keeping your personal and business expenses separate
 - Manage cash more effectively
 - Earn RBC Rewards® points on select cards
- **RBC Business Client Card**
 - Deposit and pay bills at the ATM
 - Easy 24/7 access to account information at 1-800 ROYAL® 2-0 (1-800-769-2520)
 - Deposit Only Agent Card allows you to delegate an employee to make deposits at the ATM with no access to account balance information
 - Use to make day-to-day purchases at retailers
- **Moneris Solutions* for debit and credit card payments**
 - All card payments are deposited into one RBC account with funds available next business day (some conditions apply)
 - Merchant Direct* Online Reporting, linked online to RBC Express®, documents daily and monthly sales and gives you access to data about your sales, industry benchmarks and trends

Question 6: What do you want to do?

“I want to make it really easy for customers to pay me.”

Controlling expenses is just one side of cash management. Getting payment from customers into your account as quickly as possible is the other side. You have several options that make payment easy for customers — and for you. Credit cards and debit cards eliminate problems with NSF (non-sufficient funds) cheques and reduce bank visits to make deposits. Accepting credit cards also gives you the option of doing business over the Internet, or you may wish to set up other online payment options.

How we can help

- **Moneris Solutions helps you to accept debit and credit card payments**
 - Moneris enables you to deposit all daily card payments into one RBC account, making those funds available, in most cases, the next business day
 - Merchant Direct Online Reporting, linked online to RBC Express, documents daily and monthly sales and includes data about your sales and industry benchmarks and trends
- **Online money transfer**
 - By setting your company up as a registered payee, you can receive electronic payments from your customers through INTERAC Email Money Transfer or, if your customers are RBC clients, through third party payment

Question 7: What do you want to do?

“I want to simplify the process of paying my employees and doing employment tax remittances.”

Your employees rely on you to do payroll calculations accurately, send payroll tax deductions to the government and issue their cheques. Your reputation depends on doing this on time, every time, and making sure you have the money in the bank to cover your payments.

How we can help

- **Third party payment**
 - Automated payment into employee’s RBC accounts at no cost to you¹
- **INTERAC Email Money Transfer**
 - Pay employees with accounts at any financial institution via email
 - Password protected secure transfer
- **Payroll service**
 - Use ADP[®] Payroll Services and they process entire payroll and make all deductions, remittances and deposits on your behalf
 - Transmit payroll information via telephone, fax or Internet

¹ Regular credit and debit fees apply.

Preventing fraud and theft

A checklist for handling assets and cash

If your business will have employees, keep in mind how they will handle cash, cheques, inventory and spending on the company's behalf, as this will directly affect your business performance.

While a dishonest employee can hurt any size of company, the losses can have much more impact on a small business because it often doesn't have the ability or the resources to bounce back from theft or fraud. Set clear rules in the beginning and make sure everyone knows what's expected.

12 ways to help protect yourself against loss from fraud

- 1 Limit each employee's access to cash management. For example:
 - Your bookkeeper should not handle cash
 - The person preparing your bank reconciliation should not issue cheques
 - The person handling cheques should not make bank deposits
 - If possible, different people should prepare purchase orders, log in goods receivable and process accounts payable
- 2 Set up basic financial and cash management systems with your bookkeeper or accountant and use them consistently.
- 3 Make bank deposits promptly — preferably at the end of every day.
- 4 Make withdrawals for expenses separately so that they can be matched with a specific invoice or petty cash voucher.
- 5 Keep chequebooks, cash and returned cheques under lock and key.
- 6 Do unannounced counts of petty cash and cash drawers.
- 7 In retail operations, expect some variance in tills, but set a threshold beyond which you will investigate.
- 8 Make all payments by electronic payment or cheque (except for minor payments from petty cash).
- 9 Set up online banking so you can readily review account activity daily. RBC Royal Bank Online Banking lets you view your account's cheque images to see if amounts or payees have been altered.
- 10 Justify every payment with a supplier invoice, refund voucher or other paper document.
- 11 Make sure employee travel and entertainment expenses are appropriate and compatible with the type and duration of the event or trip.
- 12 Count inventory frequently.



Track expenses in five easy steps

Tracking expenses ensures that budgeted amounts are spent in the way that you expect and that planned expenses do not get out of hand.

- 1 Get receipts for all business expenses.
- 2 Keep all expense records for each year together in one safe place.
- 3 Use a separate credit card for your business expenses. We offer two Visa⁺ expense cards that provide you with a monthly summary of expenses as well as money-saving services and discounts — the RBC Royal Bank Visa Business card and the RBC Royal Bank Visa Business Platinum Avion[®] card (which also offers RBC Rewards points).
- 4 Use basic financial and cash management systems to ensure you are less vulnerable to fraud or theft.
- 5 Move to online banking to simplify your ability to track cash flow and see immediately what's come in and what's gone out, as well as print account statements or download them into your bookkeeping software.

Protecting yourself, your business and your family

Making sure you have the right business insurance coverage in place is a vital part of protecting your business, you and your family and your employees, while preserving your personal insurance for what it was intended for. Insurance exists to protect all that you have worked hard to achieve.

What concerns you?	What will protect you?	
As a new business owner, how can I protect myself?	Life and Living Benefits insurance products provide coverage to protect you, your family and your business, including: <ul style="list-style-type: none"> personal life, disability and critical illness 	
What if illness causes me or an employee to be unable to work?	A Group Benefits Plan protects: <ul style="list-style-type: none"> you and your family your employees and their families 	Well designed group benefits can: <ul style="list-style-type: none"> replace some or all of your income help attract and retain quality employees
What do we do to protect the business in case one partner becomes too ill to work?	Key Person Insurance: <ul style="list-style-type: none"> provides working capital during replacement recruitment and training provides funds you need to pay off debts can be life insurance, critical illness insurance or any other appropriate product 	
How do we protect ourselves against the loss of revenue when a partner or a key employee passes away?	Business Loan Insurance Plan, in addition to Life and Key Person insurance: <ul style="list-style-type: none"> can pay off the insured portion of your business loan(s) if an insured key person passes away** 	
Can I buy out a partner who passes away?	Joint First-to-die insurance coverage: <ul style="list-style-type: none"> funds a “buy-sell” agreement to ensure any surviving business partner(s) can continue operating through the buy out of a deceased partner 	
How can I protect my business if someone is hurt by one of our products or has an accident on our business premises?	Liability insurance: <ul style="list-style-type: none"> protects you and your business from claims arising from legal actions brought against your business due to bodily injury or property damage done to others as a result of your business’s operations or products 	
What happens to my business if it’s affected by fire or theft?	Commercial property insurance can: <ul style="list-style-type: none"> protect your premises and equipment provide the funds to get back up and running 	Personal property insurance can: <ul style="list-style-type: none"> cover home office business assets and activities
Will my car insurance cover me when I use my car for business purposes?	Commercial auto insurance: <ul style="list-style-type: none"> provides coverage for a vehicle being used for business purposes, including liability associated with motor vehicle accident and vehicle repairs or replacement Note: Personal auto insurance will not provide coverage for a vehicle being used for business purposes	
What covers my medical expenses in another province, territory or country when I’m travelling on business?	Travel HealthProtector® insurance covers in other provinces and abroad: <ul style="list-style-type: none"> emergency hospitalization medical costs and related services** 	

For more information about the type of insurance you may need to protect your new business and how much coverage to buy, talk to a licensed insurance professional. These professionals can also help you get the best prices and policies for your situation.

For more information about Travel HealthProtector and Business Loan Insurance Plan coverage designed for your needs, talk to your RBC business advisor or call 1-800-769-2511.

Moving from startup to growth company

If you've followed the advice in this guide so far, you're on a clear path to a successful launch. Next comes the ongoing but rewarding task of running your business. You can begin to carry out your plan — fine-tuning, improving and growing your business as you build the relationships that will help your business thrive.

Here is some common ground upon which nearly every successful business can find opportunities to build and improve:

- **Look for new sources of growth.** As you master your market, seek opportunities to serve new customers and sell more to existing ones. If you run a window-cleaning business, for example, you could consider:
 - Expanding geographically, spinning off new products or services (cleaning gutters and eavestroughs), or tackling new markets (cleaning windows for office towers)
 - Encouraging customers to buy more (promoting window cleaning three times a year)
 - Innovating (using better cleaning fluids, window tints)
- **Manage your team of advisors.** Stay in touch with your lawyer, accountant and banker. Use them as resources and sounding boards, update them on developments and refer clients to each other.
- **Keep learning.** There is much to learn about management such as goal setting, employee motivation, communication, marketing, financial analysis and leadership. Stay informed by reading magazines and books, checking Internet resources and attending seminars and industry events.
- **Polish your credit rating.** When things are going well, ask your banker for more credit. The time to ask for money is when you don't need it so you are prepared when you do.
- **Market through the Internet.** Experiment with your website, e-commerce, web advertising, email marketing, etc. to find new ways of building awareness, relationships and sales.
- **Delegate.** Your responsibilities multiply as your business grows. Stay sane (and develop your people) by continually delegating tasks to your team. They will appreciate the chance to contribute and grow and you'll get more sleep.
- **Seek work-life balance.** Reserve time for family, friends and personal renewal. Keep burnout at bay by developing appropriate business systems, growing your people and staying focused on your priorities.

Starting a company, running it and facing the challenges it presents is certainly demanding work, but it is also the realization of a dream that grows from your passion for what you do. At each phase along the way, from startup to growth, we understand the demands and the passion. We share your excitement and we work for your success.

How RBC can help you succeed

Hard work, leadership, facing challenges head on, perseverance — just some of the challenges that come with starting your own business. We understand the way your business works — at RBC, you bank the way you want to bank.

Your personal and business banking are closely connected

We understand that your personal and business finances are tightly connected. You need to be able to work seamlessly with both sides of your financial life. We can help you. We have business advisors fully qualified to provide you with personal banking services as well. You get “one-stop” services and advice for all your banking needs.

You need your bank when it's most convenient for you — whether it's online, on the phone or in person at a branch near you

We know your time is valuable — you have little to spare and none to waste. You need to be able to work with your bank when it's convenient for you. With our online and telephone banking, you can pay bills, transfer funds and review account transactions any time of day or night. And for more services like a quick credit application and approval, increased loan limits or business and personal financial support services, we're available by phone six days a week from early morning to late in the evening.

You need banking that's right for you

We realize that you are unique. Our RBC business advisors in branches or at 1-800 ROYAL 2-0 (1-800-769-2520) across the country are trained to listen, understand your business and work with you to find the solutions that are right for you and your business.

Come in and talk with us. Our experience helping businesses at every stage of development — starting up, finding capital, learning the tools of cash flow management, controlling expenses, and growing and prospering — might just be what you're looking for.

You have a thirst for business information

We recognize your interest in growing your business and your business skills. Our free guidebooks can provide you with practical advice on key business topics like financing, improving productivity, managing cash flow, e-commerce and building a loyal customer base.



Additional resources

RBC Royal Bank resources

You can find a wide range of advice and information freely available on our RBC website, developed specifically for business owners like you.

- For advice tailored to meet your specific business banking needs, please visit www.rbcroyalbank.com/business
- To explore a vast array of resources that can help you start up and sustain a successful business, as well as free online copies of business-focused guides such as this one, please visit www.rbc.com/business-advice-centre
- To discuss your needs with one of our experienced business advisors, drop in to an RBC Royal Bank branch or call our toll-free number at 1-800-769-2520.

RBC Economics tools

Access exclusive economic intelligence at www.rbc.com/economics. You can sign up for e-newsletters featuring Daily Economic Updates or the monthly Economics Digest. Also available: Financial Markets Monthly, Economic and Financial Market Outlook, Provincial Economies, Commodity Price Monitor, Housing Trends and Affordability, as well as special reports on other topical issues. You can also monitor current publications, including U.S. market updates and quarterly economic forecasts.

Government resources

Governments in Canada at every level offer help to new business startups. The federal government's Canada Business website can connect you to all of them. You can find it at www.canadabusiness.ca.

On the home page of this government website, you'll find links to information on the wide variety of programs and services offered by the federal government, as well as links to programs offered by each province and territory.

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