

The Entrepreneur

Self-employed individuals have been and will continue to be a major force in the Canadian economy.

The future of the entrepreneurial spirit in Canada is secure but the detours on the road to success often cause delays that ruin expectations. Budding entrepreneurs can avoid these detours if they consider the advice of those who have driven before them.

Here are some important things to think about if you are planning to turn that great idea into a business:

Incorporate in order to avoid the unlimited liability of sole proprietorships and partnerships.

Never underestimate the working capital required to start and maintain a business.

Successful businesses must always be prepared to adapt to the changing environment as well as do solid research into location, product line, and customer needs.

Obtaining funds to start a business may take months. Paying off credit cards, lines of credit or bank loans takes years.

Hire an experienced bookkeeper who understands business accounting, regulatory compliance such as GST/HST, payroll, WSIB and Employer Health Tax as well as the importance of financial data. Without a proper foundation of historical financial data, decisions may be faulty and cost real dollars.

Hire a chartered accountant to provide guidance on business transactions as well as corporate and personal taxation issues.

Avoid purchasing expensive vehicles to impress.

Comply in a timely fashion with all government requirements and filings.

Ensure priority is given to requests from regulatory authorities for information.

Ensure your business is adequately insured.

Logan Katz is proud to participate in the Juvenile Diabetes Research Foundation's (JDRF) *Ride for Diabetes Research* on October 15, 2010. Diabetes affects more than 3 million people in Canada. JDRF has a terrific track record of success in funding research advances.

We invite you to support our team by writing a cheque payable to JDRF and mail it to Logan Katz or pledge us online at www.jdrf.ca/ride (team name 'Logan Katz') and receive a tax receipt within 24 hours. For a minimum corporate donation of \$250 JDRF will create a "Gold Bike Banner," which will be displayed with your company name on Ride day.

Thank you in advance for your support, consideration and generosity.

Ensure you understand the time commitment. Forget about 9 to 5 and consider 8 to 6 the norm.

Customers may not always be right – but they provide the revenue that pays your bills.

Not to allow for your personal integrity to be compromised.

Learn to listen.

Be prepared to compromise.

Always have a succession plan. Train more than one individual to perform tasks important to the continuing operations in the event staff is ill, terminated, or retires.

Always ensure payroll is paid on time.

Develop mentor relationships with people more experienced than yourself.

Make time for those people important in your life.

Separate work from play. When the work day is done it is done. Avoid taking it home or on holidays.

Learn to not answer your phone.

Learn to understand your financial statements.

Maintain financial data on a daily basis. Know what is in the bank, what is owed to the company and what is owing to third parties.

Before making major decisions regarding loans, capital purchases or leases, call your chartered accountant.

Consider taking a regular salary rather than draws.

Understand the terms and covenants of all agreements and know that you can meet them before you sign.

Have a shareholders' agreement if you have partners and ensure understanding of the terms and conditions before signing.

Live your life and operate your business within your means.

Understand all areas of human resources such as hiring and dismissal, workers' safety legislation, harassment, maternity leave, vacation requirements, statutory holidays, and labour law.

Prepare cash forecasts and monitor them every single day.

Find a good bank manager interested in helping your business – not just getting your business.

Maintain your company image with personal appearances at trade shows, and local events such as sponsorships or community endeavours such as fundraising.

Ensure all contracts and agreements are in the company name.

Provide personal guarantees only as a last resort.

Provide excellent product or service at a reasonable price.

Imbed a code of conduct and behaviour in company policy and ensure that everyone, including owner/managers, follows it.

Respect those who work with you because without them your business will not survive.

Maintain a working cash reserve that will allow continued operations for at least two months.

Collect your receivables as soon as you can.

Always have a contingency plan.

Always make calculated decisions, not unsupported gambles based on hunches.

When times are good pay down debt, build a cash reserve or reinvest in the business rather than taking on a mountain of new debt.

When times are good establish loan limits with your financial institutions because, when times are bad, no one will want to lend you money.

Establish internal controls over all facets of the business such as cash, accounts receivable, capital assets, payables, and inventory.

Prepare operating and capital budgets and review them at least once every six months. And last but not least:

Two weeks of holidays are less costly than a divorce. Three is even better!

This'n That at Logan Katz

Logan Katz is pleased to announce that our very own David Logan has been awarded the Trudeau Medal for 2010 from the University of Ottawa. Established in honour of Reverend Father Roland Trudeau, OMI, former director of the University's Commerce department from 1950 to 1965. The Trudeau Medal is the highest honour given by the Telfer School of Management to its alumni. It recognizes leadership, initiative and contributions to the business world, the community and their alma mater.

We would like to take this opportunity to welcome the newest addition to our team Mr. Rick Boulay, CMA. Rick has over 35 years of experience in accounting and auditing with small, medium and large-sized public accounting firms, including running his own practice for five years. Rick will primarily be assigned to our assurance and tax services.

Don Armstrong and Luke Schubert are participating as mentors in a program held by the OCRI Entrepreneurship Centre. This program is designed to assist students interested in operating their own business.