



# Look Before You Leap: Self-Employment Survival Strategies

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## Acknowledgements

The self-employment survival strategies we're sharing in this workbook come from a lifetime of self-employment experiences and research, and supporting others with their self-employment dreams. While there are countless strategies that can contribute to self-employment success, the 10 we list here will provide a solid foundation. Our goal is to help individuals assess their readiness for self-employment, evaluate their potential for success, and even develop an exit strategy *before* leaping into self-employment. Some of the strategies have been influenced by other authors, focus groups, previous students and clients, and participants in online surveys. They have *all* been extracted from years of self-employment successes . . . and challenges.

As always, we acknowledge the important contributions from other members of the Life Strategies team. For this project, special thanks are due to Cassie Saunders for her research support and Cheryl Thom for help with the cover design. We are grateful, too, to our families for their ongoing support and understanding – more than most, they understand the realities of self-employment!

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*Twenty years from now you will  
be more disappointed by the things you didn't do  
than by the ones you did do.*

*So throw off the bowlines.*

*Sail away from the safe harbor.*

*Catch the trade winds in your sails.*

*Explore. Dream. Discover.*

~Mark Twain

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*Plan for gradual improvement,  
not spectacular leaps,  
a slow and steady stream of water  
will, in time, erode the hardest rock.*

~David Campbell



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# Introduction

Becoming self-employed is a process. Typically, one plays with the idea for awhile – “I’d rather be working for myself,” “I could do this better on my own,” or, quite commonly, “I could make more money if I wasn’t working for someone else!” At some point, however, those with an entrepreneurial spirit take the leap from thinking to doing.

This book, and the related course, website, and blog, are designed to help you navigate the process of becoming self-employed. Whether you’re just thinking about it, ready to begin, or already self-employed, we hope you’ll find these strategies useful. Based on extensive reading, online surveys, and a lifetime of self-employment experiences, we’ve identified 10 strategies to maximize self-employment success.

Strategy 1 is intended to help you understand what you’re getting into. The tax department, for example, has specific definitions of self-employment that may differ from yours. Strategies 2 and 3 focus on your personal characteristics, social supports, and general self-employment readiness. Strategies 4 and 5 address the importance of research and planning. The focus of Strategy 6 is on branding and marketing – reaching out to people who may need your product or service. Strategies 7 and 8 review the financial and logistical details that come with self-employment and Strategy 9 encourages you to recognize when you need external advisors or supports. Finally, Strategy 10 reminds you of the importance of ongoing evaluation.

Together, the 10 strategies are intended to help you “look before you leap” – maximizing your chances of self-employment success. Being self-employed can be exciting, engaging, and exhausting – all at once. Go into it with your eyes wide open!

*Entrepreneurial environments  
have an aura of excitement,  
suspended belief,  
and impertinence toward  
conventional wisdom.*

~Erik K. Winslow





## Strategy #1

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# Understand Self-Employment

For as long as there have been people exchanging goods and services, there has been self-employment. Historically, farmers, bakers, blacksmiths, weavers, and carpenters were all self-employed, whether they sold directly to a customer (e.g., baker selling bread) or supplied another business (e.g., farmer selling wheat to the baker). For quite some time, the world ran on small, independent businesses. In developed countries today, only 10-15%<sup>1</sup> of the labour force is considered to be self-employed; 85-90% of workers are employees.

Self-employment is defined as “working owners of an unincorporated or incorporated business, persons who work on their own account but do not have a business, and persons working without pay in a family business.”<sup>2</sup> Today, reasons for becoming self-employed vary greatly. For some it is the only option after being unable to find employment; others cite motivators including interest in becoming their own boss, additional control over decision-making, taking over a family business, and flexible hours.

Consider your own reasons for self-employment and ensure your goals are achievable given the type of business you are considering (e.g., will you *really* have more flexible hours?). Also consider the framework or type of business structure that makes the most sense; these include sole proprietorship, partnership, incorporating your business, or forming a

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<sup>1</sup> If You are so Smart, Why Aren't you an Entrepreneur?, 2010. Available at: <http://ftp.iza.org/dp3648.pdf>

<sup>2</sup> Key Small Business Statistics (p. 31), July 2010. Available at: [www.ic.gc.ca/eic/site/sbrp-rppe.nsf/vwapj/KSBS-PSRPE\\_July-Juillet2010\\_eng.pdf/\\$FILE/KSBS-PSRPE\\_July-Juillet2010\\_eng.pdf](http://www.ic.gc.ca/eic/site/sbrp-rppe.nsf/vwapj/KSBS-PSRPE_July-Juillet2010_eng.pdf/$FILE/KSBS-PSRPE_July-Juillet2010_eng.pdf)

cooperative. These four structures are described in the following sections.

**Sole Proprietorship** is the simplest form of business structure. It is a non-incorporated business – simply register your name and acquire the proper licenses (e.g., local business license). Although you can use a trade name, legally the business will be registered under your personal name. A drawback to this form of business is that you are personally liable for any debts.

**Partnerships** can be as simple as two people working together on shared business goals. Each partner contributes money and time and shares in any profit and losses. While a partnership can be formed with a handshake, it is important to formalize an agreement. As with sole proprietorships, each partner has unlimited personal liability for any debts incurred.

**A corporation** is probably the most well-known business structure. It is a separate legal entity with its own name, property, and equipment. In Canada, corporations can be created provincially and federally; the indication that a company is incorporated is Inc. or Ltd. after the company name. While you might think a corporation protects your personal assets from any liability (e.g., debts, lawsuits), this isn't always the case.

**A cooperative** is owned by an association of members operating as a separate legal entity with a democratic (i.e., one member, one vote) decision-making system. While probably the least common form of business structure, it is a good option when groups of people, or businesses, want to combine their resources to provide solutions for common needs.

Depending on the type of business you are considering, you may not have a lot of choice regarding structure. If you are purchasing an existing business, the structure will already be in place.

Perhaps you are interested in some type of franchise (e.g., Subway, Oxford Learning Centre, Jiffy Lube); in these cases the type of business structure may be a requirement of the franchise licensing. Regardless of the type of business structure, as you consider self-employment you need to understand the various tax implications. We've highlighted some of these below; however, it is important to do additional research specific to your type of business and your region.

As a sole proprietor or partner in an unincorporated business, you'll need to declare all business income through your personal income tax form; you will not file a corporate or business tax return. You will be able to claim various business-related expenses, but can't consider everything a write-off. However, as a separate legal entity, your incorporated or limited company must file its own tax return.

Regardless of the type of business, you must make contributions to the Canada Pension Plan (CPP) – both the employer and employee portions. Self-employed persons only recently became eligible to pay into, and therefore collect, Employment Insurance benefits. While participation in the Employment Insurance program is voluntary, this isn't the case for Canada Pension Plan – you can't "opt out" of CPP so be sure you remit regularly or you could be facing substantial penalties.

In addition, if you have gross sales over \$30,000 in a fiscal year, you must collect the Goods and Services Tax (GST) or Harmonized Sales Tax (HST) and pass on the GST/HST you've collected, less what you've paid on sales, to the Canada Revenue Agency. If your sales are less than \$30,000, collection is voluntary; however, if you anticipate earning more than \$30,000 at some point in the future it may be a good idea to register a GST/HST account up front.

Becoming self-employed doesn't "just happen" when you decide to go out on your own. Regardless of the type of business structure you choose, there are factors which determine whether or not you are legally considered self-employed. In Canada, to make this determination, government representatives consider who:

- Owns / is responsible for equipment
- Holds the financial risk
- Has an opportunity for profit

These factors are especially important for differentiating between a self-employed contractor/consultant and an employee working on a contract. Almost any position within a business could be the result of a contract (i.e., the employee is hired for a specified period of time). At the end of an employee contract, employment is terminated; however, while working, the individual receives all employment-related benefits (e.g., access to Employment Insurance, vacation pay, statutory holidays).

Perhaps, however, the same work could be done by an independent contractor (i.e., someone who is self-employed); employers often choose to fill positions, especially those that might be temporary, with contractors in order to avoid paying the mandatory employment-related costs or dealing with payroll. However, it isn't solely up to the employer and contractor to make that determination. As noted, above, the Canadian Government has several factors it will use to determine whether an employer-employee relationship exists.

As you consider self-employment, take a moment to review the Government of Canada's publication, *Employee or Self-Employed?*, available at [www.cra-arc.gc.ca/E/pub/tg/rc4110/rc4110-10e.pdf](http://www.cra-arc.gc.ca/E/pub/tg/rc4110/rc4110-10e.pdf)

## Self-Reflection

What is your interest in self-employment?

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What type of business do you see yourself doing (e.g., opening a franchise, professional speaker, bookkeeper)?

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What business structure makes sense?

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What additional research needs to be done?

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As you explore self-employment, what other questions do you have?

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*You gain strength, courage, and confidence  
by every experience  
in which you really stop to look fear in the face.  
You must do  
the thing which you think you cannot do*  
~Eleanor Roosevelt



## Strategy #2

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### Know What it Takes

Much has been written about the characteristics of entrepreneurs and people who are successfully self-employed. In some cases, polar opposites are listed – for example, although it’s commonly reported that entrepreneurs are risk takers, many people choose self-employment as a risk-avoidance strategy trying to minimize the chance of future unemployment.

Based on a literature review, online surveys, and our own experiences owning a variety of small businesses, we’ve identified 35 competencies believed to contribute to self-employment success. Together these characteristics paint a picture of the knowledge, skills, and attitudes (KSAs) of the successfully self-employed. In some cases, a single element (e.g., financial competency) has all three components: knowledge (i.e., knowing how to manage money), skill (i.e., a track record of financial success; bookkeeping expertise), and attitude (i.e., being committed to saving for a rainy day or not spending money before it’s in the bank).

At the end of this section, we’ve included a brief checklist of the 35 competencies. Although clustering them into KSA categories is somewhat arbitrary as mentioned above, we’ll use that approach here to highlight characteristics of people who are successfully self-employed.

#### **Knowledge**

There are at least three distinct types of knowledge required to survive in self-employment:

- **Content:** the technical information or subject matter expertise specific to your product or service

- **Business:** understanding the business side of your work, including planning, financing, marketing, and staffing
- **Legal / Ethical:** awareness of relevant legal regulations or ethical standards that impact your occupation or field

Many people leap into self-employment without sufficient knowledge in place. Some are experts in their own fields but have no idea about how to run a business. Others, such as MBA grads, have extensive business expertise but little practical knowledge about the service or product their business will provide. Still others start up a business with no understanding of the rules and regulations that limit their options (e.g., tax laws, labour standards, business licensing). The successfully self-employed have all three types of knowledge – they bring technical or subject-matter expertise and good business “savvy” to their role as entrepreneurs. They have also done their homework, researching laws, guidelines, and ethical standards that will impact how and where they do business.

### **Skills**

Many people choose to become self-employed when they have mastered their trade or profession. They are recognized experts in their field and ready to take on a new challenge. However, similar to the knowledge competencies, successful entrepreneurs need more than the skills to do their job well. To maximize the chance of self-employment success, they also need a wide array of business and life skills in place. Brief descriptions of these skills follow.

- **Business:** Aside from generic business “savvy” (i.e., a business-like way of approaching work-related decisions), the successfully self-employed need to wear many specific business hats including finance, research and development, sales and marketing, management, and executive-level leadership. If not all these skills are strong, or when work gets too complex to keep all of these hats in place, entrepreneurs also need to master the skill of delegation.



- **Life:** The successfully self-employed have strong interpersonal skills and are easily able to see things from various perspectives. They are consistently professional, strong communicators (both verbally and in writing), and talented at goal-setting, juggling priorities, and setting personal and professional boundaries. Self-employment requires efficient time management, the ability to organize, and the capacity to multi-task, moving several important projects forward concurrently. Entrepreneurs also need to be committed to continuous learning, in order to stay current in their fields and to learn about economic or policy changes that may impact their businesses.

### **Attitudes**

The successfully self-employed tend to have similar attitudes. Most are driven, self-confident, and passionate about their business idea and the work they do. They are independent, self-disciplined, creative, and resourceful. They tend to have patience and persistence, focussed on their vision with optimism about the future. They are self-aware, knowing their strengths and limitations, and also resilient (i.e., able to bounce back from setbacks). Open to new ideas, flexible, and, as previously mentioned, willing to take reasonable, calculated risks, successful entrepreneurs tend to take a common sense approach to decision-making. They also typically have supportive people in their lives, including family, friends, and mentors. Lastly, they can realistically evaluate whether or not it is the right time to move into self-employment.

Use the brief assessment on the following pages for a snapshot of your entrepreneurial assets and barriers. Any assessment is simply a tool – there are many other influences on self-employment success than those listed here. Therefore, reflect on your results, consult with others who know you well to see if they agree with your self-assessment, and consider what this information indicates about your potential for success.

## Self-Employment Competency Checklist<sup>3</sup>

For each competency, indicate whether it's a self-employment asset for you (i.e., a strength) or a barrier (i.e., something you'd likely need to develop). Place a checkmark (✓) in the "+" column for strengths and in the "-" column for areas to develop.

| Competency                             | + | - |
|--|---|---|
| Business knowledge                     |   |   |
| Common sense                           |   |   |
| Communicating                          |   |   |
| Creativity / resourcefulness           |   |   |
| Delegating                             |   |   |
| Drive                                  |   |   |
| Efficiency                             |   |   |
| Goal-setting                           |   |   |
| Independence                           |   |   |
| Interacting with people                |   |   |
| Keeping current in my field            |   |   |
| Knowledge of legal / ethical standards |   |   |
| Leadership                             |   |   |
| Managing money                         |   |   |
| Marketing                              |   |   |
| Openness / flexibility                 |   |   |
| Optimism                               |   |   |

<sup>3</sup> For a more comprehensive assessment rating these competencies, contact Life Strategies at [info@lifestrategies.ca](mailto:info@lifestrategies.ca)

|   |  |  |
|---|--|--|
| Organizing                                |  |  |
| Passion for self-employment in your field |  |  |
| Patience                                  |  |  |
| Persistence                               |  |  |
| Prioritizing                              |  |  |
| Professionalism                           |  |  |
| Relevant subject matter expertise         |  |  |
| Researching                               |  |  |
| Resiliency / ability to bounce back       |  |  |
| Self-awareness                            |  |  |
| Self-confidence                           |  |  |
| Self-discipline                           |  |  |
| Selling                                   |  |  |
| Setting boundaries between life roles     |  |  |
| Support from family and friends           |  |  |
| Understanding other points of view        |  |  |
| Vision / future orientation               |  |  |
| Willingness to take reasonable risks      |  |  |

As you reflect on your self-employment readiness, consider whether your current mix of competencies will likely carry you through. If not, how can you develop some of the competencies you're missing or surround yourself with supportive people who may be able to fill in some of the gaps?

The next chapter focuses on Strategy 3 – Put Supports in Place. Looking way ahead, Strategy 9 – Get the Help You Need, may also be relevant as you acknowledge your entrepreneurial assets and potential barriers.

*Here is the basic rule for winning success.  
Let's mark it in the mind and remember it.*

*The rule is:*

*Success depends on the support of other people.*

*The only hurdle between you  
and what you want to be  
is in the support of other people.*

~David J. Schwartz



## Strategy #3

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### Put Supports in Place

Being successfully self-employed takes more than the right mix of personal characteristics and a good business idea. Self-employment will impact your lifestyle, financial security, and, quite likely, significant people in your life. Each of these areas will be examined in the following sections with tips for relevant supports that will maximize your chances of surviving your leap into self-employment.

#### **Lifestyle Considerations**

Many people choose to become self-employed because they're looking for flexible schedules and a chance to be their own boss. Expectations of fun, freedom, and financial independence are key drivers.

However, if you chat with people who are self-employed or own small businesses, their dreams of choosing their own hours and making endless amounts of money have typically been replaced with the realities of a very different lifestyle.

Certainly, if you own the business, you can choose your own hours. However, a common joke amongst the self-employed is, "I can choose which 15 hours to work between 6 AM and midnight!" It's not uncommon for people starting a business, working independently, or running a small thriving company to feel like they're working 24/7. Some never take vacations and, even if their business is closed evenings and weekends, that's when they're doing the "business" of being in business – during the week their time is devoted to billable work.

Home-based businesses can be even more complicated. The idealized vision of working from home may include staying in pyjamas all day and seamlessly integrating work and family. The reality, however, is more likely a blurred boundary between home and work, with no definitive end to the work day. When the commute to the office is down the hall to the kitchen table, or downstairs to the basement, it's tempting to just send one more e-mail or steal a few moments to finish off a report. Minutes turn into hours, and other life roles may be impacted.

Self-care (i.e., eating well, exercising, sleeping sufficiently, and making time to have fun) is one important life role that tends to get neglected. Ironically, self-care activities give you energy for the long hours that may be required. Make "you" a priority – and learn to give your business only the amount of time that it is worth. Self-employment is like a black hole that can swallow up time. As an employee, even when there was still work left to do, you likely ended your work day; so, too, you need to allocate prime time to other life roles even when your business depends on you.

### **Financial Supports**

No matter how carefully you budget, or how conservatively you've estimated your income, it's likely that you'll encounter unexpected expenses, delayed payments, or broken contracts – such is the reality of self-employment. One small business owner reported \$100,000 in thefts and resulting costly security expenses during his first year in business – something he'd never in his wildest dreams thought to budget for. Another, who was delighted to get steady work as a sub-contractor on a government-funded project, was later devastated. After months of excuses about late payments, the prime contractor declared bankruptcy – leaving the sub-contractor with almost \$30,000 in unpaid invoices. Still another, after paying thousands of dollars in up-front expenses on a project, as well as billing for over \$40,000 in fees, waited 4 agonizing months for payment. Every

time she attempted follow-up, she was promised, “The cheque is in the mail.”

Of course, not every small business will have thousands of dollars in unexpected expenses, breached contracts, or late payments. However, almost all will, at times, experience a cash flow crisis. A good rule of thumb for getting started is to have the anticipated start-up expenses as well as the projected first year’s revenues in reserve (i.e., if you expect to spend \$10,000 in equipment and business expenses to launch your new business and you hope to bring in \$50,000 the first year, ideally you’d have \$60,000 in the bank available to cover business expenses and your personal income for the first year).

Not surprisingly, this isn’t possible for many people who’d like to be self-employed. Some, therefore, stay working while they start up their business. They run their business after work, on weekends, and during their vacation period – at least until it’s generating enough revenue to justify letting go of secure employment income and benefits. Others use their personal line of credit at the bank, or are able to negotiate a bank loan. Still others turn to investors; more on that in Strategy 7 – Do the Math.

### **Supportive People**

Most people who are successfully self-employed have supportive people in their lives – people who are encouraging and give generously of their time and, in some cases, money. Some family members may contribute their talents to the business (e.g., a spouse may take care of bookkeeping or relay phone messages; a child may stuff envelopes or embed animated video into sales presentations). Other family members may offer financial support (e.g., a spouse may take responsibility for the bulk of the day-to-day family expenses while business revenue is reinvested to cover start-up costs;

a parent or grandparent may offer a business loan at low interest).

Supportive friends may spread the word throughout their network about your business, or pass on relevant leads. They'll maintain contact even when your business seems to be taking over your life. They'll also be honest with you – listen carefully if they express concern about your health or wellbeing (e.g., “Are you sure you're okay? You look exhausted.”).

Seeking out a mentor or hiring professional supports may also be helpful as you contemplate self-employment or launch your small business. If you know people who are, or have been, successfully self-employed, see if they are willing to chat with you (e.g., offer to buy lunch or, if connecting on the phone, send a thank you note with a gift card to compensate for their time). Most entrepreneurs remember what it was like to start their businesses and are very happy to “give back” in this way. Their wisdom and lessons learned are invaluable – they can save you thousands of dollars, and hours, if you're willing to heed their advice.

Professional supports that you may need to pay for include business and life coaches, accountants, consultants, and lawyers. In some cases, meeting with a commercial banker, government-funded consultant, or personal financial advisor may be free. We'll address all of these in more detail in Strategy 9. For now, however, consider paying for a few hours of professional time to help you examine the viability of your business idea and how it fits with your current roles, responsibilities, and resources.



## What's Working? What's Not?

| <b>What's Working?</b>   | <b>What's Not?</b>       |
|--------------------------|--------------------------|
| Personal Characteristics | Personal Characteristics |
| Lifestyle                | Lifestyle                |
| Financials               | Financials               |
| Supportive People        | Supportive People        |
| Coach / Mentor           | Coach / Mentor           |

*You have got to pay attention,  
you have got to study  
and you have to do your homework.  
You have to score higher than everybody else.  
Otherwise, there is always somebody there  
waiting to take your place.*

~Daisy Fuentes



## Strategy #4

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### Do Your Homework

The statistics on survival rates for small businesses are, in some cases, alarming. According to Industry Canada, 96% of small businesses (1-99 employees) make it through the first year, 85% survive for 3 years, and 70% for 5 years; micro-enterprises (1-4 employees) have similar survival rates in the first 3 years but seem to do better long-term. However, businesses with less than \$30,000 in annual revenue don't seem to fare as well with only 55% surviving more than 3 years and 36% surviving 5 years.<sup>4</sup>

In some cases, of course, a short-term business was always the plan – people enter and exit self-employment for a number of reasons (e.g., to supplement the family income, gain important new skills for a resume, or try out a new occupation or industry on a part-time basis).

However, some businesses do close because they weren't successful. Reasons for business failures include poor management, both business and financial; lack of planning, research, and focus; unmanageable growth; insufficient customer base; and no competitive edge. The impacts of all of these pieces can be minimized by doing your homework.

We'll assume that, by now, you've gained some understanding of self-employment including business structure and taxes, have evaluated your self-employment characteristics and determined you "have what it takes," and have identified a support system. The next step is to ensure your business idea has merit; that it will be possible for your business to generate the revenue you

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<sup>4</sup> Key Small Business Statistics, July 2010. Available at: [www.ic.gc.ca/eic/site/sbrp-rppe.nsf/vwapi/KSBS-PSRPE\\_July-Juillet2010\\_eng.pdf/\\$FILE/KSBS-PSRPE\\_July-Juillet2010\\_eng.pdf](http://www.ic.gc.ca/eic/site/sbrp-rppe.nsf/vwapi/KSBS-PSRPE_July-Juillet2010_eng.pdf/$FILE/KSBS-PSRPE_July-Juillet2010_eng.pdf)

need to cover expenses, make a reasonable living, and, ideally, generate a profit.

To determine the viability of your business idea, it's important to do some research. Identify socio-economic or environmental trends that might impact your business now or in the future. Know your competition; benchmark against them to identify what will set your business apart – what value you'll add. Each of these areas of research is briefly discussed in the following sections.

### **Trendspotting**

Economists and futurists make their living spotting trends. Besides reading what they write and watching news reports, you can learn to spot relevant trends by observing what's changing around you and reflecting on what those changes mean. For example, you've likely noticed an increase in specialty coffee bars, spas (including manicure and pedicure studios), environment-friendly products, and social media. By understanding why these products and services have grown, you'll be better able to predict the success of your own business idea (e.g., Does your proposed business pamper people? Improve or preserve the environment? Support people's increasing use of technology?).

There are many ways to be a trendspotter:

**Listen** to what other people are saying. Friends, family, colleagues, and community members will, likely, all have opinions about “what's hot and what's not.”

**Watch/Read** the news – local, national, and international. Pay attention to various news reports including community features, financial and health guests, and “ask an expert” segments to help you identify trends, and other events, which might help or harm your business.

**Study** demographics to identify a niche market for your business (i.e., a group which might benefit from your services). For example, two demographic trends on the rise include: (1) helping employers understand Gen Y and (2) services aimed at the aging population.

**Use** the Internet to conduct your market research. Remember, however, that anyone can self-publish on the Internet, so not all the information you find is valid or reliable. To ensure your research is accurate, try to find credible sources and validate your discovery through a couple of different links.

Take a moment to list a few trends you've noticed over the past 3 - 5 years.

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After identifying trends, the next step is to reflect on how those trends are likely to impact your business. Use the *Business Research* worksheet on the last page of this chapter to record which of the trends you identified might directly impact your business. Trendspotting may also help you generate business ideas (i.e., you may discover a niche or gap that you can fill). In fact, trendspotting is a career in itself – perhaps you'll add it to your own business services!

### **Know Your Competition**

Other homework you must complete is identifying and assessing your competition. First, you need to figure out who your competition is. Depending on the type of business you are considering, this may be as easy as going through the Yellow Pages to identify similar local businesses. The Internet is another great source of information about competitors (e.g., whose website comes up first when you Google key words?).

Your potential customers can also let you know who they're already buying your product or service from – and what might give you a competitive advantage. This supports the second aspect of knowing your competition – identifying their strengths and weaknesses. Identify 3 - 5 things they do well and 3 - 5 they struggle with. Figure out who they envision as their ideal customer and how this might differ from yours. Of course, don't forget that there is always the potential for new competitors to emerge – as you grow your business, be mindful of who is coming on the scene.

### **Add Value**

As you identify and assess your competition, make note of how you can improve upon the products or services they offer. If you can't identify a competitive advantage, it's possible that your business idea isn't viable. Customers will need a compelling reason to choose you over your competitors. Developing a *value proposition* can help you confirm your business idea is viable and also serve as a marketing tool. A value proposition is a statement that clearly identifies why a customer should purchase products or services from you. It offers customers a glimpse of the tangible results they'll receive by doing business with you.

The following worksheet provides space for the results of your research – what trends, competitors, and value propositions have you identified?

## Business Research

List trends that may impact your business.

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Identify existing competition.

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What sets you, or your business, apart?

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Describe the type of customer you expect to attract. How large is the market (i.e., how many potential customers might exist)?

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*The best we can do  
is size up the chances,  
calculate the risks involved,  
estimate our ability to deal with them,  
and then make our plans with confidence.*

~Henry Ford





## Strategy #5

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### Be Strategic

The successfully self-employed understand self-employment, have the requisite competencies and supports in place, and have done their homework. They're also strategic – realistic and flexible enough to cope with the unexpected, but planful nonetheless. They have a vision of where their business is heading, know their mission (i.e., how to get there), and ensure that their business is aligned with their personal values. Their business plans may be formal documents, notes on scrap pieces of paper, constructed through conversation, or simply held in their heads, but they've given careful consideration to all aspects of their business (e.g., type, structure, location). The next sections will examine several of these components.

#### Vision

One of Stephen Covey's famous principles is to "begin with the end in mind." This is especially true when contemplating self-employment. How do you see your business fitting into the rest of your life? What will your core products or services be? What goals do you hope to accomplish? What does success look like for you? How will you know when you've achieved your business goals?

#### Mission

Author and business speaker, Joel Barker, once said:

***Vision without action is a dream.***

***Action without vision is simply passing the time.***

***Action with vision is making a positive difference.***

It's important, therefore, to bring your vision to life – that's where *mission* comes in. A mission statement clearly describes what your business will *do*. For a concise summary of questions to ask as you structure a mission statement, see:

[www.zeromillion.com/business/mission-statement.html](http://www.zeromillion.com/business/mission-statement.html).

Knowing your mission will help keep you on track. The actions you take in your business (e.g., projects you choose to take on, events you attend, people you hire, or strategic partnerships you agree to) should all help you achieve your vision. What you *do* must be congruent with what you *hope to accomplish* (vision) and, in a small business, also with *who you are* (values).

### **Values**

Although it's always important to work in an environment where you can live out your values, it's essential to have this alignment when you're self-employed (i.e., where it's next to impossible to separate *you* from *your business*). Take time to reflect on your core values as a person (i.e., Are you family-oriented? Concerned about the environment? Honest and ethical? Social justice oriented? Frugal? Culturally sensitive?). Reflect on how your business vision fits with these values. What might you do differently than others in a similar business to align with your deeply held values?

### **Business Plans**

Business plans may take a variety of formats – we've written many of ours on napkins while waiting for lunch in a restaurant! Although a formal business plan is typically necessary when approaching lenders or investors for financial support, an informal plan may be sufficient if you don't require funding.

Regardless of format, business planning is essential to your self-employment success. The worksheet at the end of this section is designed to get you started. However, there are comprehensive business plan templates freely available online; here's one straightforward approach:

[www.firstcapitalchallenge.com/documents/business\\_plan\\_template.pdf](http://www.firstcapitalchallenge.com/documents/business_plan_template.pdf).

To get started, here are a few important considerations. There's space on the worksheet to jot down your thoughts.

- **Core Products or Services:** As you envision your business, what will you be selling? Are there related products and services that you might want to add later? How will you determine whether a request from a customer or client is beyond your scope (i.e., not something you're able or willing to offer)?
- **Structure:** Who owns your business? Will you be a "sole proprietor" (i.e., you'll run the business independently and report income and expenses on your personal tax form)? Will you have a partner? If so, what kind of agreement will you have about sharing profits? Risk? Liability? How can either of you exit the partnership if desired or necessary? Will you incorporate? Who will own the shares in your incorporated business?
- **Location:** Where will your business be based? If at home, are there any municipal licensing regulations that impact the type of work you can do, the number of people who can be there at one time, or the percentage of your home that can be dedicated to business use? If not at home, what location makes strategic sense? Will you rent, buy, or share existing space with another business? Do you need to make a long term commitment for your space? What are the penalties if you need to relocate or close your business?
- **Time Commitment:** Do you plan to work full-time in your business, part-time (i.e., juggling other responsibilities), or "off the side of your desk," as time is available? What impact will this choice have?
- **Milestones:** What do you plan to accomplish by when?

Use space provided on the following worksheet to get started with strategically planning your business. Of course, there's much more to business planning than this – the remaining strategies in this workbook address branding, marketing, financing, money management, business logistics, hiring personal and professional supports, and monitoring progress to evaluate the ongoing success of your business.

## Strategic Business Plan: First Thoughts

**Vision** – What do you hope to accomplish?

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**Mission** – How will you get there from here?

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**Values** – How will you “do business”? What *won't* you do?

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**Core Products and/or Services** – To begin? To be added later?

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**Business Structure** – Sole proprietor? Partnership? Corporation?

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**Location** – Home-based? Leased premises? Shared office space?

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**Licensing, Registrations, and Insurance** – What’s essential?  
(See Strategy 8)

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**Initial Commitment** – Part-time? Full-time? As time permits?

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**Resources** – People, Money, Equipment – Start-Up Essentials  
(See Strategies 2, 3, 7, 9)

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**Business Milestones / Timeline** – What will you do, by when?  
(See Strategy 10)

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*If you want to succeed,  
you should be out on new paths  
rather than travel the worn paths  
of accepted success.*

~John D. Rockefeller



## Strategy #6

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### Brand Your Business

Regardless of your type of business, you'll need to establish your brand and develop a marketing strategy. Combined, these will (1) help existing customers identify with what you are selling, (2) help new customers learn more about what you offer, and (3) facilitate business growth (assuming, of course, you've executed these pieces successfully). First, however, we need to clarify the difference between a brand (or branding) and a marketing strategy.

Your **brand** is the statement, logo, and/or image that identifies your business. Your brand might invoke certain feelings (e.g., reliability, honesty) or beliefs (e.g., high quality, professional). Over time your brand may become immediately recognizable – such as McDonald's Golden Arches or Nike's Swish. A brand doesn't have to be a logo or image; it can also be a tag line such as "They're gr-r-reat" (Kellogg's Frosted Flakes cereal) and "The happiest place on earth" (Disneyland). The goal is for people to see your colours, imagery, logo, or tag line, and immediately know who you are and what you stand for; as such, it's important to ensure your brand is recognized positively. In today's world with YouTube videos, Twitter messages, and Facebook comments "going viral" (i.e., the message gets resent, forwarded to a massive audience in a matter of a few hours), one bad experience can ruin your business. The old adage "a happy customer tells 3 friends; an unhappy one tells 10" has grown exponentially now that social media is involved.

Your **marketing strategy** is how your message will reach your customers. It will communicate what you are selling – whether it is your expertise, skills, and knowledge, or a specific suite of products. It outlines what activities you will undertake to communicate your message to your target audience (i.e., your

customers). Your strategy may include a website, newsletter, e-mail campaign, exhibitor table at relevant events, and even ads in the Yellow Pages or newspapers. Depending on your type of business, your marketing strategy may also include writing articles for relevant trade publications and speaking at local events (e.g., professional conferences or Chamber of Commerce meetings).

In the sections that follow, we'll briefly highlight some tools to consider as you develop a marketing strategy.

**Phone/e-Mail:** Though perhaps not required, a dedicated phone number and e-mail will help you keep your personal and business life separate. A free e-mail address that clearly identifies your business (e.g., [ABCDesign@gmail.com](mailto:ABCDesign@gmail.com)) can be a positive addition to your marketing strategy. A dedicated phone line stops customers calling your home number; it also saves potential confusion or embarrassment from having a family member answer the phone less professionally than you would.

**Website:** As today's consumers expect to "Google" you, a website of some kind is becoming as important as a phone number. When starting out, don't feel you have to go big – effective basic websites can be one page with a few key messages, images, and your contact information. It doesn't have to cost a fortune; shop around to get the best price for what you want or, if you have the technical skills, use programs like Joomla ([www.joomla.com](http://www.joomla.com)) or Web Studio ([www.webstudio.com](http://www.webstudio.com)) to create your own. For many self-employed people, a blog (e.g., [www.blogger.com](http://www.blogger.com)) or a profile on LinkedIn ([www.linkedin.com](http://www.linkedin.com)) is a sufficient web presence.

**Business Cards:** You'll also want a business card to hand out to potential clients and/or contacts. It should be simple, connect to your brand, and list your contact information. Most word processing software programs have built in business card templates as well as access to downloadable options. The local



office supply company will have business card paper making it very affordable to design and print your own. You can also use an inexpensive printing service such as Vistaprint ([www.vistaprint.ca](http://www.vistaprint.ca)).

**Brochure:** A printed brochure or flyer that outlines your services in detail gives you something to leave with clients. However, as you begin, keep things simple – printed material can be expensive, especially if you get designers and professional printers involved. As a large percentage of what you pay to print is likely to be recycled, try to avoid using glossy paper, multiple colours, and other design features that will add to the cost. Regardless of design, ensure your message is clear and concise, without spelling or grammar mistakes.

Before investing in paid advertising (e.g., ads in Yellow Pages, newspapers, on websites), calculate your anticipated return on investment to ensure it makes good business sense. Also take advantage of free opportunities (e.g., you get a free, basic ad in the Yellow Pages with your phone number).

**Responding to Bid Requests or Requests for Proposals (RFPs):**

Another marketing strategy, for some types of businesses, is to respond to formal bid requests or RFPs. Various levels of government, private corporations, and community agencies contract for goods and services through a bid process. In Canada, there are many “bid sites” that post RFP information. These include:

- BC Bid (A site for all BC Government Contracts)
  - [www.bcbid.gov.bc.ca](http://www.bcbid.gov.bc.ca)
- MERX (Canadian public tenders)
  - [www.merx.com](http://www.merx.com)
- Bids Canada
  - [www.bidscanada.com](http://www.bidscanada.com)

Responding to a Request for Proposal can take a considerable amount of time and investment and, as there is no guarantee you'll be the successful proponent, can result in an unrecoverable cost for your business. In addition, writing proposals is a skill that takes time to develop. Doing some research, hiring a consultant or proposal strategist, or taking a course<sup>5</sup> might maximize your investment and help you avoid problems a poorly written proposal can cause (e.g., getting you into a contract you can't fulfill; damaging your reputation through a sloppy or inaccurate submission).

**Customer Retention:** If you don't deliver what you promise, the best branding and marketing in the world won't help your business survive. If a product is known for quality, but a change in design or development results in it breaking or deteriorating more quickly, it's not living up to its brand; before long, word will spread and people will stop buying. If a service is known for low prices and, at some point, prices have crept above those of the competition, again there's a conflict between brand image and reality. If you've always delivered your work on time and on budget, but begin to take on more than you can reasonably handle, you're in conflict with your brand.

If we go into a McDonald's, anywhere in the world, we expect a standard quality of fries. Similarly, if your customers or clients contract you to deliver a product or service, they expect consistency. The most effective way to grow your business is to *keep* the customers that your branding and marketing strategies bring in.

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<sup>5</sup> Life Strategies offers a course on Proposal Writing. Visit our website for more information – [www.lifestrategies.ca](http://www.lifestrategies.ca)

## Reflections on Branding

Key words you associate with your brand (e.g., high quality).

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Images, metaphors, and colours that *fit*.

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Images, metaphors, and colours you want to *avoid*.

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Emotions you want your brand to evoke.

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If this wasn't *your* product or service, would you recommend it to others?

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Possible tag lines or slogans.

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People you could interview for their thoughts or opinions.

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*The fact is that  
one of the earliest lessons I learned in business  
was that balance sheets and income statements  
are fiction,  
cash flow is reality.*

~Chris Chocola



## Strategy #7

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### Do the Math

Math is a scary topic for many people – and the self-employed are no exception. There are countless stories of small business owners taking a shoebox of financial invoices and receipts to an accountant to reconcile bank and credit-card statements, produce year-end financial statements, and calculate taxes due.

However, the successfully self-employed do the Math. They don't wait until year-end to balance their books; nor do they ignore unpleasant financial realities during challenging business phases. The following sections provide strategies for managing start-up costs, setting appropriate prices and fees, reimbursing expenses, calculating cash flow, preparing financial statements, and, when necessary, borrowing money.

#### **Start-Up Costs**

There's always a cost to getting a business launched; more often than not, the costs will be higher than expected. It's important to be realistic about how much money you'll need to get started – and where that money will come from. Set priorities and focus on the “must haves” rather than the more appealing “nice-to-haves.” For example, depending on your business it may be essential to have a business license but manageable to use your personal mobile phone for awhile; additional insurance may be required if you use your vehicle for business but you may be able to get by without a new notebook computer. It may be necessary to keep earning employment income while starting your business, save a start-up fund before launching, or secure a loan or line of credit. Some businesses (e.g., consulting) have lower start-up costs than others that require premises or special equipment. In such cases, it may be possible to set aside income from each contract to gradually

acquire business equipment and supplies (e.g., using a home computer until the business can pay for a dedicated one).

### **Prices and Fees**

Realistic prices and fees consider two perspectives: (1) what your customer is willing and able to pay and (2) what you need to earn in order to stay in business. Pricing is always a challenge; even more so when competitors' prices aren't publicly available.

For example, it's easy to compare prices for a product found online or in retail stores. You can then choose whether to match that price or set your price higher or lower. Although you'll need a strategic rationale for your decision, and your price may impact the number of sales you make, at least information is available to inform decisions. However, if you're the first to introduce a product or service to your market, or if pricing is negotiated through proposals and confidential contracts, it can be next to impossible to know what the competitors are charging. Effective research may help you make an educated guess. Perhaps your professional or business association provides general guidelines for pricing in your field. Trusted colleagues or mentors may be able to share what they've paid for similar products or services in the past.

Regardless of whether or not your pricing is competitive, to stay in business you need to be able to cover your costs. It's quite possible that you won't be able to buy supplies at the same discounts as your competitors from larger businesses. It's not a sustainable business strategy to undercut competitors if you're losing money to do it.

A general rule of thumb for setting fees for professional services if you have limited overhead costs (i.e., working from home with no special equipment) is to *double* your hourly rate as an employee doing similar work. If you have more substantial overhead (e.g., premises, staff, special equipment, vehicles), *tripling* your hourly rate as an employee is more reasonable.

A huge challenge, however, is when people enter a field without doing the Math. Many new consultants or self-employed people think that getting paid 20 – 25% more than what they earned as employees is an attractive opportunity. Unfortunately, it's not until they've committed to a low fee that they realize all the costs involved in doing business and find out that their fee isn't sustainable. It can be very challenging, sometimes impossible, to renegotiate a higher fee once a contract has been signed!

### **Expenses**

Employees and sub-contractors may be used to submitting receipts and getting full reimbursement for reasonable expenses. It can be a shock for the newly self-employed to realize that not all purchases are straightforward write-offs. For example, capital expenses (i.e., large purchases such as furniture or equipment) need to be tracked differently and, from a tax perspective, only a percentage of that cost will be considered each year as an expense. Similarly, only 50% of meal expenses are tax-deductible. Doing simple Math, that means if you take a group of potential clients out for lunch and spend \$100, only \$50 of that can be considered when calculating tax deductions. At a 20% corporate tax rate, that results in a \$10 tax savings – meaning that of the original \$100 lunch receipt, the only “reimbursement” is a \$10 savings when your taxes are due.

### **Cash Flow**

The opening quote for this chapter provides an important life lesson about self-employment and, perhaps, the biggest shock that the newly self-employed experience – income doesn't necessarily correlate with cash flow. It can be so tempting to spend money before it comes in – it's been earned, after all. However, unlike working as an employee where cheques are paid on pre-determined days or money is deposited directly into your bank account on pay day, cash flow can be remarkably different in a business.

Of course, sometimes cash comes in more quickly for a business than for employees; such is the case with cash sales or if you bill 50% in advance for a contracted product or service. This type of cash flow is exciting – but it can be tempting to spend money that’s sitting in your account even though it’s designated for specific upcoming expenses. This is one cause of bankruptcy, when a business has insufficient money to finish a project or pay staff or sub-contractors. Another cause of bankruptcy, however, is when a business’ invoices aren’t paid within a reasonable time frame. Even in a small business, it’s not uncommon to have thousands of dollars in accounts receivable (i.e., money due, or overdue, for work already complete). This can be a huge problem for people who are self-employed and dependent upon the income their business has earned to pay both their business and personal bills. As discussed in Strategy 3, a good rule of thumb is to have one year’s revenue PLUS start-up costs in the bank before launching a business. However, as that’s not achievable for most people considering self-employment, it’s essential to carefully monitor cash flow and have a Plan B for when payments don’t come in on time.

### **Financial Statements**

There are two important types of financial statements that you’ll need to prepare for each year of your business – an income / expense statement and a balance sheet. If you’re using accounting software, these can be automatically generated. If not, you may want help from an accountant. The first is simply a record of income from various sources with allowable expenses deducted – the difference is your profit or loss. The second is a record of your assets and liabilities – the difference is your business net worth.

### **Borrowing Money**

Many businesses borrow money or arrange a line of credit to help with start-up costs and ongoing cash flow. Lenders may include banks, investment groups, or family members.



Understandably, each lender may have different expectations from you in terms of documentation, security, and reporting.

With finances under control, you'll be well on the way to self-employment success. Use the following worksheet to roughly calculate cash flow over a 3 month period. Be realistic (perhaps erring on the conservative side) about when expenses need to be paid compared to when income is expected to arrive. If you personally need to draw income from the business, indicate that as an expense. Calculate how much of a start-up cushion you'll require to ensure that you can cover expenses while waiting for income. Add this to your revenue line, indicating the source of your start-up funds (e.g., savings, family loan, personal line of credit, credit card).

### Managing Cash Flow

| Revenue       |         |         |         |
|---------------|---------|---------|---------|
| Details       | Month 1 | Month 2 | Month 3 |
|               |         |         |         |
|               |         |         |         |
|               |         |         |         |
| Expenses      |         |         |         |
| Details       | Month 1 | Month 2 | Month 3 |
|               |         |         |         |
|               |         |         |         |
|               |         |         |         |
|               |         |         |         |
| Profit / Loss |         |         |         |
| Details       | Month 1 | Month 2 | Month 3 |
|               |         |         |         |

*Life as a spectator sport is a far riskier strategy  
than getting your hands on the controls  
and seeing where you can take yourself.*

~Jack Falvey



## Strategy #8

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### Manage the Details

We often comment, “When you’re self-employed, you have to wear a lot of hats.” In other words, to be successfully self-employed you’ll need to be a business generalist (i.e., taking care of supplies, sales, marketing, and managing staff and money) as well as a specialist in your area of business; there may even be times when you’re stuffing envelopes or taking out the garbage. Especially in micro-businesses (1-4 employees), you’ll likely find yourself working *in* your business (i.e., talking to customers, making sales) during regular working hours and *on* your business (i.e., paying bills, ordering supplies, updating your website) evenings and weekends. By carefully managing the details, you’ll find a balance that works for you.

Strategy 6 highlighted one key business role (“hat”) – branding and marketing. Strategy 7 focused on financial management – another key role. In the following sections we introduce some other roles you may need to play: manager, legal advisor, administrative assistant, writer, editor, designer, and IT specialist.

#### **Manager**

Your role as manager will involve overseeing the day-to-day operations of the business and supervising any employees or sub-contractors. This role may also include project management, ensuring that each project moves forward on time and on budget – and that “scope creep” (i.e., projects getting bigger than originally intended) is carefully controlled.

#### **Legal Advisor**

When self-employed, you’ll need to carefully write and review contracts (e.g., lease agreements, credit card or other financial documents, or service agreements). Read the fine print – and

don't hesitate to negotiate or request removal of contract clauses that aren't applicable. It's not uncommon for organizations to use standard contracts as templates – if you sign without reading carefully, you may be agreeing to something costly at your end that is not essential to your project's success. You'll also need to research, obtain, and renew relevant licenses, registrations, and insurance.

### **Administrative Assistant**

Years ago this role would have been played by a secretary or receptionist. It covers administrative tasks including booking appointments, typing documents, filing, purchasing office supplies, general office organization, and managing mail, phones, e-mail, and faxes.

### **Writer/Editor**

Most businesses will need a writer (e.g., to create brochure or web content or develop proposals) and an editor (i.e., someone with an eye for detail who can find stray commas and fix grammar). Although you may play both roles, they require distinctly different skill sets. It's always a good idea to have someone else proofread your work – it's hard to find your own mistakes. For more information, check out our tip sheets on writing and editing professional documents:

[www.lifestrategies.ca/resources/tip-sheets.cfm](http://www.lifestrategies.ca/resources/tip-sheets.cfm)

### **Designer**

For brochures, business cards, website, logo, and signage, the designer role will be integral to establishing and evolving your brand and overall “look.”

### **IT Specialist**

From installing new software to fixing the printer, if you rely on a computer for your business there will be an ongoing need for trouble-shooting, updating, and general tech support. Unless you sub-contract this role or hire an employee, keeping systems running will invariably be another one of your “hats.”

Depending on the type of business you're interested in, there are likely many other roles you'll have to play – from travel consultant to mechanic.

Hiring someone else may, at times, make more sense than trying to wear a specific hat yourself. However, even when you decide to hire (e.g., consult a lawyer or take your books to an accountant), as the business owner you are ultimately responsible for every decision; you sign the contracts and it is you who will be liable for any mistakes.

Depending on the type of work you hope to do while self-employed (e.g., freelance writer, consultant, presenter, curriculum developer), it is important to understand intellectual property. While you'd be wise to call a lawyer for specific advice, in general, intellectual property is anything that belongs to you, but can't be touched – it isn't "physical." Examples include stories, pictures (both photos and drawings), apps for mobile devices, and computer programs that you have developed.

Sometimes you may retain ownership of things you create in the course of your business. However, there will be other times when ownership is transferred to someone else. Writers are a good example; in general, once material is published the authors no longer "own" writing; while they still get credit, ownership resides with the publisher. To ensure you don't lose the rights to your material, negotiate intellectual property agreements, if possible, *before* work begins.

Another consideration may be tools and equipment purchased for specific projects. If you pay for them as a cost of doing business, clearly they belong to you. However, if you pass on that expense to your client or customer, the lines become blurred. Be sure to negotiate ownership of any tools and equipment purchased for a specific project.

At times, you may decide to sub-contract some of your work to better position your business to take on a big project, give you time to focus on growth, or even allow you to take a vacation. Beware, however, statistics show that upwards of 30% of company bankruptcies are due to worker theft; while this is generally related to supplies, equipment, and money, intellectual theft, which may include customer databases, is also common.

Other challenges with sub-contracting can occur when the person you hire fails to deliver his/her work on time or submits an invoice that is much higher than you anticipated. As such, when sub-contracting, it is important to have an agreement that clearly outlines roles and responsibilities, budget, ownership of material and equipment, confidentiality and non-disclosure, and “non-compete” restrictions. Although contracts may be difficult and costly to enforce, it is worth the time to negotiate a simple agreement. Some resources to help get you started include:

- **Documatica Legal Forms**

Allows you to create a wide-range of customized legal documents that can be saved in PDF, Microsoft Word, OpenOffice, and WordPerfect. Documents are country-specific.

[www.documatica-forms.com/](http://www.documatica-forms.com/)

- **Free Legal Documents**

Templates on a wide range of legal documents are available. Content must be copied and pasted into your word processor for editing.

[www.free-legal-document.com/](http://www.free-legal-document.com/)

## Business Start-Up Checklist

| To Do                         | Yes | No | Don't Know | Notes |
|-------------------------------|-----|----|------------|-------|
| Business Cards                |     |    |            |       |
| Dedicated Phone               |     |    |            |       |
| Dedicated e-Mail              |     |    |            |       |
| Business Plan                 |     |    |            |       |
| Colours/Imagery/Slogan        |     |    |            |       |
| Printed Brochures             |     |    |            |       |
| Company Website               |     |    |            |       |
| Social Media Accounts         |     |    |            |       |
| Fee Schedule                  |     |    |            |       |
| Premises                      |     |    |            |       |
| Equipment                     |     |    |            |       |
| License                       |     |    |            |       |
| Insurance                     |     |    |            |       |
| Start Up Cushion              |     |    |            |       |
| Contractor/Employee Agreement |     |    |            |       |

Select 2-3 items you don't have in place or are unsure about. Use the space below to identify what action (e.g., research) you may need to take.

1.

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2.

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3.

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*Few people do business well  
who do nothing else.*

~Lord Chesterfield





## Strategy #9

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### Get the Help You Need

A bit similar to Strategy 3: Put Supports in Place, this strategy encourages you to access external resources, specifically in terms of hiring people with the skills you need to make your business successful – and your life manageable.

Many entrepreneurs are, by nature, independent. Although you may be tempted to try to handle everything on your own, that may not be the best decision for your personal wellbeing or the survival of your business. Instead, consider hiring personal and professional supports to help you achieve your business and life goals.

#### **Personal Support**

As discussed in Strategy 3, it's not uncommon for owners of small businesses to work long hours with few breaks. Therefore, it may be helpful to hire personal supports (e.g., a housekeeper, gardener, life coach, or personal trainer) to take care of some of the balls you may be dropping.

If you're just getting your business started, spending money on personal support may seem like an extravagance. However, perhaps not – if you do the Math! If your billable rate is more per hour than you'd pay for support, it may be worth you completing a billable project while you pay someone else to clean your house, paint a room, or walk your dogs. Similarly, if you need to focus on bringing in additional business, it may be worth focussing on that while someone else cuts your lawn.

Clearly, however, there's a limit to this approach; your overall quality of life needs to be considered. As the opening quote from Lord Chesterfield says, "Few people do business well who do nothing else!" If cleaning your house or planting your garden

keeps you grounded and connected to your home and family, don't contract it out. Instead, identify tasks that take your time, but don't give you or members of your family personal pleasure (i.e., buy back some of the time spent on tasks you dislike or don't care about by hiring others to take them on).

Delegation is another strategy – if your business success will ultimately benefit your family, is there someone in your family who could take on more household responsibilities, freeing you up to build your business?

Paying for a personal trainer or massage therapist may result in health benefits that allow you to function more effectively at work and at home. Many self-employed business owners identify that sleep and self-care are neglected during the early days of starting a business. If you find yourself consistently skipping your exercise routine or in constant stress-related pain that's impacting concentration and decreasing productivity, it may be time to schedule appointments (that have cancellation penalties attached) in order to get back on track. It's amazing how much more motivated you'll be to keep a scheduled meeting that you're paying for than to find 30 minutes, three times per week, for a brisk walk.

A life coach may be another important investment as you contemplate self-employment or launch your business. Life coaches are skilled at helping set goals and holding people accountable for actions to achieve them. Life coaches have your total wellbeing in mind – unlike business consultants, who may be focussed solely on helping you achieve work-related goals, life coaches will help you explore ways to integrate all of your important life roles and responsibilities.

Taking time off for vacations is another wellness strategy often neglected by the self-employed. Vacation is an important time for "re-creation" (i.e., replenishing your energy and beginning anew). As you build your business, ensure that you have

supports in place that allow you to step away from it periodically. Some seasonal businesses close completely for certain periods each year; others arrange for coverage from trusted colleagues or have assistants check phones and e-mail, forwarding only the most urgent of messages.

### **Professional Support**

For the self-employed, especially those in home-based businesses, the lines tend to be blurry between professional and personal supports – just as in the final example above, where it may take a professional support to free you up for a personal vacation. However, there are some supports to consider that are specific to your business. That’s the focus of this section.

Just as you may benefit from a life coach for your personal goals, a business coach or small business consultant may help with your transition to self-employment. As discussed in previous strategies, self-employed people need to wear a lot of hats. Some hats may not be a good fit for you – a business coach or consultant may help set up systems and procedures, talk through a decision-making process, or take on specific tasks as a sub-contractor.

Similarly, you may choose to have an accountant actively involved in managing your finances or simply consult with one at strategic intervals (e.g., prior to start-up, at month end, quarterly, or annually). You may also occasionally need a lawyer (e.g., to help incorporate your business or to review complex contracts).

Some very useful professional supports may not charge for their services. Many bankers and personal financial advisors have extensive experience supporting the self-employed and offer useful advice. In some regions, government-funded small business consultants are available to help the self-employed. There are also self-employment programs offered for free to

people who qualify – generally those collecting Employment Insurance who don't have good prospects for returning to sustainable employment within their field.

### Forcefield Analysis

As you assess your need for personal and professional supports, Forcefield Analysis (a tool originally introduced by Kurt Lewin) may be useful. Begin by describing your vision or ideal future (consider revisiting your vision from Strategy 5). Next, identify forces holding you back (i.e., What's getting in your way?). Finally, identify forces driving you to succeed (i.e., What's motivating you? What helps you move forward?).

Select a couple of hindering forces and identify personal or professional supports that could help to eliminate them. Also select a couple of motivating forces and identify personal or professional supports that could strengthen them further. Use the space provided on the next page to document your reflections.



## Forcefield Analysis

What is supporting you to achieve your self-employment goals?

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What is hindering you from achieving self-employment goals?

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What can you do to remove one or more hindering forces and strengthen the supporting forces?

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*Don't be afraid  
to take a big step if one is indicated.  
You can't cross a chasm in two small jumps.*

~David Lloyd George



## Strategy #10

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### Monitor Progress

In this final strategy, our focus is on identifying and setting business milestones, growing your business, and planning an exit strategy.

#### **Identifying and Setting Business Milestones**

We recommend identifying and setting a few key milestones as you first begin your business. Right from the start, think through what success will look like; envision where you want your business to be in 3 months, 6 months, and 3-5 years.

It will be easier to tell if your business is growing, and by how much, if you've identified and set milestones. These can be as simple as "10% growth in sales by the end of next quarter" or "5 new customers per month for the next 6 months." Consider using the "SMART goals" model as you set business milestones.

SMART goals are:

- Specific
- Measurable
- Attainable
- Relevant
- Time Sensitive

Using the SMART goals model you may decide that your goal (e.g., 10% growth in sales within 6 months) isn't really attainable. While "shooting for the stars" (i.e., setting high expectations) can be a good strategy, it may be better to set a goal that offers a reasonable chance of success.

Once you have identified a few key milestones, ask yourself if you have adequate systems in place to track progress. Without the proper attention to revenue and expenses, inventory, and

number of customers it will be difficult to tell when (or if) you've achieved your goals. Although it may be tempting to simply look at income (i.e., "I made more money this month"), you also need to track expenses in order to calculate net growth. Otherwise, you may have a false sense of growth – not realizing that your increased sales haven't actually resulted in increased profit. Know what that additional income cost you to earn, before you can really consider it growth.

### **Growing Your Business**

The most common ways to ensure growth include increasing (1) the number of customers/clients, (2) frequency of purchases, and (3) number of purchases. All of these may be accomplished through targeting a new "type" of customer and using special deals and pricing (e.g., this weekend, we pay the taxes; buy 2, get 1 at 50% off). Whenever you offer a special rate, be sure you know what the cost is to your business; although a deal may attract customers if you lose money because your deal was "too good" it won't grow your business.

As we mentioned in Strategy 6, your customers and clients will come to expect a consistent level of service, quality, and efficiency. If an expanded customer base, or special deals, force you to sacrifice quality you're known for, you may put your business at risk. Further, if your costs (i.e., to purchase product, hire additional staff) go up higher than your rate of growth the result will be a net loss overall. Be confident your ideas for growth won't work against you.

Monitor the growth of your business carefully; at some point, if all goes well, you'll reach "critical mass" or the point at which you have enough customers and market share to be profitable based on your current marketing and work efforts. To expand beyond this point has the potential to cause an increase in expenses; the result is lower profits overall. If you need to work



extended hours or hire additional staff to keep up with business growth, strategically consider whether or not continuing to grow makes business sense.

### **Planning Your Exit**

A well thought-out exit strategy helps you identify when it is time for you to close or sell your business. This may be due to achievement of pre-determined goals, changes in personal and/or family priorities, shifts in the market, or insufficient income to justify staying in business.

While you may be thinking “I’ll cross that bridge when I come to it,” that is a strategy we recommend you avoid. Once you’ve invested time, energy, and financial resources; hired and formed relationships with staff; signed lease agreements; or taken on business contracts and partners, extracting yourself becomes more and more difficult. In addition, your exit plans may play a role in how you operate your business. For example, if your goal is to take your business public (i.e., have it listed on the stock market), it will be important to follow certain accounting principles right from the start.

As you contemplate an exit strategy, reflect on how you’ll keep your business going as you transition out. While one option is to just “shut the doors,” strive for a gentler transition that allows you to exit graciously. Also, reflect on what will happen if you become sick or, worse, die during the life of your business.

Ultimately, your exit strategy is closely tied to the goals you set for yourself and your business. This doesn’t mean you have to close or sell your business upon achieving your goals. However, such milestones are decision points – either exit or set new goals.

## Growing Your Business

Reflect on how to be intentional about business growth. Think about how you'll know when it is time to expand your product line, services, or staff.

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## Setting Milestones

Use the "SMART" goals model to set some business milestones.

|                     |  |
|---------------------|--|
| <b>Specific</b>     |  |
|                     |  |
| <b>Measurable</b>   |  |
|                     |  |
| <b>Attainable</b>   |  |
|                     |  |
| <b>Relevant</b>     |  |
|                     |  |
| <b>Time Limited</b> |  |
|                     |  |

### Developing an Exit Strategy

To develop an exit strategy, think about the following questions.

What is your key business goal?

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How will current business be impacted?

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Who will be impacted?

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What fees might you incur?

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What type of insurance or agreements should you consider?

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*Most new jobs  
won't come from our biggest employers.  
They will come from our smallest.  
We've got to do everything we can  
to make entrepreneurial dreams a reality.  
~Ross Perot*



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## Conclusion

These 10 strategies have been derived from extensive research and years of diverse self-employment experiences. We hope that you've gained a better understanding of what it takes to become successfully self-employed.

1. Understand self-employment
2. Know what it takes
3. Put supports in place
4. Do your homework
5. Be strategic
6. Brand your business
7. Do the Math
8. Manage the details
9. Get the help you need
10. Monitor progress

If you've been using this workbook independently, consider joining us in a *Look Before You Leap* online course. For the next start date, check out the Life Strategies online store ([www.lifestrategies.ca/store/](http://www.lifestrategies.ca/store/)) or e-mail [info@lifestrategies.ca](mailto:info@lifestrategies.ca) for more information.

Also follow us online, through:

- Website: [www.lookbeforeyouleap.ca](http://www.lookbeforeyouleap.ca)
- *Look Before You Leap* blog
  - <http://lookbeforeyouleap-selfemployment.blogspot.com/>
- Twitter: @lookb4leaping

We hope this workbook has helped you strategically look before leaping. If you've decided not to leap right now, we wish you well in your chosen career. If you've been inspired to leap, we hope we've provided supports to help you leap safely.

## About the Authors

Dr. Roberta Neault, CCC, RRP, CCDP, GCDF-i, is President of Life Strategies Ltd., a small consulting firm with international scope. She is a counsellor, educator, keynote speaker, and author of numerous articles and resources on topics related to individual and organizational success. Roberta recently received the Gold Medal and Diamond Pin for Leadership in Career Development.

Deirdre Pickerell, MEd, MA, CHRP, GCDF-i, is Life Strategies' Senior Consultant with over 18 years experience as a business leader and manager, career practitioner, and certified human resource professional. She has made significant contributions to her field – locally, nationally, and internationally – through innovative program design, leading-edge education, and inspiring facilitation. In recognition of her work, Deirdre was honoured with a 2006 Award of Excellence; presented by the BC Human Resources Management Association.

In this workbook, both Roberta and Deirdre share a lifetime of self-employment experiences – their own, and those they've witnessed supporting others to achieve self-employment dreams. Roberta has taken an entrepreneurial approach to generating work since negotiating her first babysitting contract as a 12 year old. From her early years of selling Avon and wholesaling handicrafts, to currently running an award-winning international e-business, Roberta's entrepreneurial spirit has continued to thrive. Similarly, Deirdre demonstrated self-employment success selling Mary Kay Cosmetics and Partylite Candles before joining her family's business. Starting as the receptionist, she held almost every position within the career management and IT training company, before becoming Director in 1998. She launched her own consulting company in 2002 with a small contract with Life Strategies – and now can't imagine being anything but a self-employed consultant!

## Other Books by These Authors

Beyond the Basics: Real World Skills for Career Practitioners  
(Neault)

Career Strategies for a Lifetime of Success<sup>1</sup> (Neault)

Time to Reflect: Understanding Yourself

Time to Explore: Understanding the Workplace

Time to Choose: Identifying Career Possibilities

Time to Prepare: Developing Portfolios, Resumes, & Interview Skills

Time for Action: Successful Marketing Strategies

Time to Look Ahead: Proactive Career Management

Leadership Lessons for Transformational Times (Pickerell & Neault)

Personality Dimensions® Toolkits for Trainers (Neault & Pickerell)

That Elusive Work-Life Balance (Neault)

Career Flow: A Hope Centered Approach to Career Development  
(Niles, Amundson, & Neault)

## Relevant Courses and Workshops

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Visit [www.lifestrategies.ca](http://www.lifestrategies.ca) for more information

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<sup>1</sup> Available as full print or e-book or 6 individual e-books