

## 10 Steps to Starting a Successful Business



By **Brian Madigan LL.B.**

### **1 People**

You need good people. You can't do it all yourself, so you better find them now. Possibly, you will have a business partner who can share some of the workload. If not, then hire the best. Get people who know more than you know. They will make a better contribution than someone who lacks both experience and education. Don't worry, you'll still be the boss!

### **2 Systems**

This is the time to set up proper systems. If you start running the business without any proper business systems, you'll soon be in a mess. This means the back office, the front office, the computer systems, payroll, the manufacturing assembly line, and any distribution or delivery system you may have. These matters are very difficult to deal with afterwards. Get some experts to assist you, if you can't do it yourself.

### **3 Security of Tenure**

Don't forget about your location. Just because you bought the business doesn't mean that you can stay there forever. Make sure that the landlord is onside and that you have a series of options to renew. It's best to negotiate these matters, either before you buy the business or certainly before anything goes wrong.

### **4 Insurance**

This is basic risk management. You will need to limit your risks. So, get insurance! You will need insurance on your property as well as liability insurance. Discuss the nature of your business carefully with your insurance broker. Basic contractual liability will not be covered, but you should be able to secure insurance protection for unanticipated losses and accidents. You would be surprised to know how many businesses fail due to inadequate insurance. A claim arises and there is simply no coverage. The owner got busy and forgot to renew the policy. Don't let this happen to you.

### **5 Independent Contractors**

The easiest way to get good people at the outset is to hire them on a contract basis. You will need some legal advice here. You don't want to get stuck with source deductions from Canada Revenue Agency and other government agencies

(WCB etc.) after the fact. Ensure that you are protected right from the outset. Make sure everything is in writing. Everyone should have a written contract, otherwise, you just have a “story to tell”.

## **6 Employees**

The best people should be hired as employees. This means that it will cost you money down the road to terminate them. But, why not negotiate that point right now? Put in a top end limit on severance payments. Once the individual has been working for you, it will be too late.

## **7 Suppliers**

Your suppliers are going to be very critical to your success. If you require daily deliveries, this relationship must be fostered. You will have to ensure that nothing goes wrong. If it is that critical, then you should have two suppliers, so if anything goes wrong with one company, you already have a backup. If all you need is office supplies, then you are lucky.

## **8 Competition**

This may seem a little odd, but you should meet with your competition. Do this right at the outset. There may be a part of their business which they feel is unprofitable, but would be ideal for you. They may end up being one of your best customers. Also, get a sense of their future direction.

## **9 Manage the Cashflow**

This will be very important. Stay on top of this issue from day one, and you won't run into difficulty later. This is a daily matter. You should always know exactly where you stand. Hire a good bookkeeper or accountant, but don't wait for the statements. You should have these yourself at the end of each day. Your banker will be impressed. And, if there is a problem, you'll know it right away.

## **10 Face to Face Meetings**

This was the way business was conducted in the past. This is the way business should be conducted now! Network and meet people face to face. Establish a personal connection with them and they will love to do business with you. So, this means all your key contacts. If you ever run into difficulty or need a favour, you'll have a friend.

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