



Small businesses play a vital role in the Canadian economy — providing jobs, contributing to the community and fostering local spending. For a business to thrive, however, it takes more than just a good business idea. Smart planning, access to financial services that cater to your distinct needs, protection from unforeseen circumstances and the ease of borrowing money are all of primary importance to the new business. Asking the right questions when looking for financial services is the key to making sure you get the features you'll need.

THE NEW BUSINESS STRUCTURE

Typically, the financial structure of a new business includes invested capital and debt repayment. In the first five years of operation, most businesses have more debt than cash and assets. Profits are generally reinvested back into the business, which is most often set up as a sole proprietorship or Canadian Controlled Private Corporation (CCPC).

Considerations For The New Business

Business Planning

An important first step in setting your objectives is creating a business plan. Think of it as the blueprint of your business. By mapping out your goals and strategies, you'll get a clearer picture of what your business really needs to succeed. Business plans help you better understand the market you are entering, illustrate your strengths and weaknesses and can be used in the future as a benchmark for hitting certain milestones. Since an effective business plan is also essential to attracting investors, this is a must for any new business.

A personal financial plan also plays an important role in your business — it may determine the amount of personal assets you can contribute to your business, and whether your business is meeting your personal financial needs. Making it a priority to develop both a business and personal financial plan will get you started on the right track.

Financing Strategies

When looking for banking solutions for your small business, it is important to keep in mind what you'll be using the account for, and how you'll be using it. Overdraft limits, ways to access your account and levels of access for your employees and associates are all important features that will help make your business banking as convenient as possible.

If this is your first business venture, cash management may be a fairly new concept. Obtaining the assistance of a professional will ensure you start off on the right foot.

Access To A Vast Network Of Expertise

The needs of an entrepreneur grow throughout the various stages of a business. As someone who has opened their own business, your personal finances may be tied to your success, and when just starting out, a significant part of your needs could be debt related.

Your CIBC Wood Gundy Investment Advisor can put you in touch with a CIBC Business Advisor, who can offer you a variety of accounts and features specifically designed to meet your small business needs.

Insurance Solutions

Protecting yourself and your business from the effects of critical illness and disability is just as important as setting your business up for a successful future. Critical illness and disability insurance provide you with either a lump-sum payment or benefits that can be used to keep your business going during your crucial recovery period.

Critical illness insurance provides an additional source of revenue, which means you won't have to liquidate your accumulated assets or take on large debts. Disability benefits can be used to help replace reduced earning capabilities or can be put towards hiring an interim replacement. Disability benefits are paid directly to you, tax-free, so you can use the money the way you see fit.



The Decision To Incorporate

Some businesses may benefit from incorporating. Corporations have the advantage of limited liability, the opportunity to defer taxes and the relative ease of raising capital. The decision to incorporate, however, depends on a number of factors, and will vary from business to business.

One of the major benefits of incorporating is the potential to take advantage of income splitting. Employing your spouse or adult children in the business, and/or paying them dividends out of the earnings of the corporation allows you to lower your household's overall tax bill.

Protecting The Future Of Your Business

You've worked hard to establish your business, so it's only reasonable that it should be protected against unexpected events, such as illness or death. By incorporating insurance and estate planning into your business plan, you can ensure that your family will be taken care in case of your death. Establishing a Will and power of attorney will give you the peace of mind you need to concentrate on growing your new business. A CIBC Wood Gundy Estate Planning Specialist [Financial Security Advisor in Québec] can work with you to determine the most effective way for you to safeguard your business.

Find The Best Solution

Starting your own business takes dedication and a lot of hard work, but can be very rewarding. Make sure you explore all your options when looking to set up the financial services you'll need to support your venture. Talk to your CIBC Wood Gundy Investment Advisor for more information on the services available through CIBC for your new business.

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