

Term Project: Young Entrepreneur

Economics / Entrepreneurship, Cycle 2 Year 3



Key Economic Concepts

- Entrepreneurship
- Understanding the different types of businesses
- Business organizational chart
- Writing a business plan

Description

In groups of two, or individually, students will discover what it takes to be an entrepreneur, what is needed to incorporate a company at the federal level in Canada, how to obtain a federal GST/TVQ tax number, how to obtain a TVQ/PST Quebec sales tax number, how to organize their company, and how to complete a business plan. Students will need to decide on their type of business, find a name for their company, perform a name search of their company name using a government names database, create an organizational chart, and create a business plan. Each group of students will hand in a report that details their findings and plan.

Project Objectives

This project will allow students to:

- use economic concepts in making proper business choices;
- learn about the requirements for incorporating a company;
- learn how to obtain a Canada business number;
- learn how to obtain a Canada GST/HST tax number;
- learn how to obtain a Quebec TVQ tax number;
- experience the planning of a new business using either on-line or paper-based business planning templates; and
- learn what it takes to be an entrepreneur.

Steps to follow

1. **Find one partner from your class to complete your project with.** I must approve each group. **Alternatively, you may work individually.**

2. **From the list below, find the type of business that you would like to start** a pseudo (make believe) company for:

- | | |
|--|--|
| • Babysitting services | • Home renovations (painting, small handyman work) |
| • Car accessories installation | • Home theatre installation and consulting |
| • Coaching (sports) | • House cleaning services |
| • Computer networking services | • Internet sales of specialty products |
| • Computer sales and repair | • Jewelry manufacturing & repair |
| • Computer software development | • Newspaper distribution services |
| • Computer training services | • Pet babysitting services |
| • Errands service | • Pet grooming services |
| • Gardening centre | • Photography |
| • Graphic design | • Specialized car wash |
| • Grass cutting (Lawn care) / snow removal | • Tutoring services |

If the business you would like to start is not listed, please ask to have it approved.

3. **Find a name for your pseudo (make believe) company** which ends in “Inc.” (incorporated), “Ltd.” (limited), or “Corp.” (corporation). Each of these endings signifies that the company is registered with “limited liability”.
4. **Search the company name databases** to make sure your name hasn’t been taken. Print your results as proof that you have completed this step.
5. **Decide the organizational structure of your company:** Present, Vice-President, Secretary, and Treasurer. Optionally, you could also have a Chief-Executive Officer (CEO), and other such positions. You must decide who the administrators of the company are, the maximum number of administrators you predict having, and the maximum number of ‘common shares’ you are creating. **Once you have decided on who will be responsible for what, create an organizational chart.** You may refer to http://en.wikipedia.org/wiki/Organizational_chart for assistance.
6. **Complete Form 1 and Form 2** – as though you would actually incorporate the company at the federal level.
7. **Research and complete every element of your business plan.** Be sure to include your organizational chart (created in Step 5 above) in Section 6 of your business plan.
8. Research the following.
 - a. The different forms of business organization (refer to the attached pages);
 - b. The purpose of having a Canada business number and how you would obtain one;
 - c. The purpose of having a Canada GST/HST tax number and how you would obtain one;
 - d. The purpose of having a Quebec QST tax number and how you would obtain one; and
 - e. How you would go about building and hosting a company web site.

For Steps 8a to 8e above, **you must provide proof that you researched and learned about these topics.**



What to submit

Please include all of the following components stapled in the order in which they appear below. All of your work must be typed **single-spaced**. Your text must use a **regular 12-point font**.

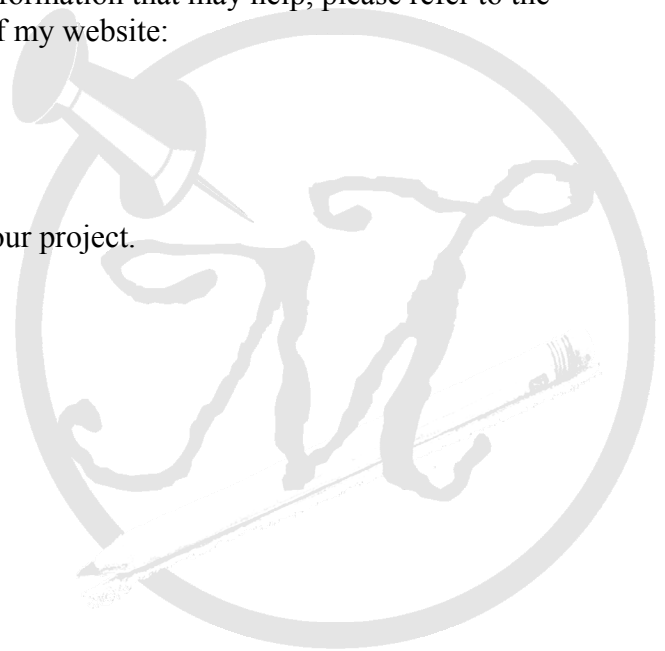
1. A cover page which includes the school name, the name of your teacher, your grade, the course number, your names, the due date and a title.
2. If you worked in groups: individually, you must each hand in a page outlining what you contributed to the project and what your partner contributed.
3. The results from your company name searches.
4. Completed versions of Form 1 and Form 2.
6. A well developed business plan including an organizational chart in section 6 of your plan.
7. Proof that you researched and learned about the different forms of business organization.
8. Proof that you researched and learned about the purpose of having a Canada business number and how you would obtain one.
9. Proof that you researched and learned about the purpose of having a Canada GST/HST tax number and how you would obtain one.
10. Proof that you researched and learned about the purpose of having a Quebec QST tax number and how you would obtain one.
11. Proof that you researched and learned about building and hosting a company web site.
12. A bibliography of all your sources of information. Please refer to the following link for a complete guide on writing a correct bibliography.
<http://mansour.lbpsb.qc.ca/documents/other/bibliography.pdf>

Resources

For a list of websites, incorporation forms, and other information that may help, please refer to the following pages. You may also visit the “other” page of my website:
<http://mansour.lbpsb.qc.ca/index.htm>.

Assessment

The Rubric printed on page 11 will be used to assess your project.



Useful Internet Resources¹

What you need to know to start and grow a business

https://www.ic.gc.ca/eic/site/icgc.nsf/eng/h_07064.html

<http://www.royalbank.com/sme/bigidea/index.html>

Step-by-step guide to starting your own business

<http://www.canadabusiness.ca/eng/page/2856/>

Database name search

Search for a Federal Corporation

http://strategis.ic.gc.ca/cgi-bin/sc_mrksv/corpdire/dataOnline/search.cgi?lang=e

https://www.ic.gc.ca/app/scr/cc/CorporationsCanada/fdr1CrpSrch.html?locale=en_CA

Search for a Quebec company (Rechercher au registre des entreprises)

https://www.registreentreprises.gouv.qc.ca/RQAnonymeGR/GR/GR03/GR03A2_19A_PIU_RechEnt_PC/PageRechSimple.aspx?T1.CodeService=S00436&Clng=F&WT.co_f=2469ce8405598cb17a31361993968678

More information on searching for Quebec companies

http://www.registreentreprises.gouv.qc.ca/en/consulter/rechercher/instructions_recherche.aspx

List of Quebec companies

The following is a database list containing over 30 000 Quebec company profiles and their contact information.

<http://www.icriq.com/en/>

Incorporating a company in Canada (at the federal level)

There is an initial fee of \$210 (on-line) or \$250 (by mail) to incorporate at the federal level.

Form 1 and Form 2

http://strategis.ic.gc.ca/epic/internet/incd-dgc.nsf/en/h_cs02140e.html

Incorporating a company in Quebec (at the provincial level)

There is an initial fee of \$338 to incorporate at the provincial level (\$22 to reserve the company name and \$316 to incorporate).

Forms

https://www.registreentreprises.gouv.qc.ca/RQAnonymeGR/GR/GR02/GR02B2_01A_PIU_GerDeclm_mDecIni_PC/Page_ChoixFormJuri.aspx?T1.CodeService=S00434&Param=Societe&Clng=F&WT.co_f=294a05a896b6b29d90b1362005328580

Information

<http://www.registreentreprises.gouv.qc.ca/en/demarrer/immatriculer/>

¹ When browsing the Internet for this project, please make sure to obtain consent and assistance from your parents or guardians.

Canada Business Number

<https://www.businessregistration-inscriptionentreprise.gc.ca/ebsi/brom/bro/start.do?language=english>

GST/HST tax number (Canada Revenue Agency)

<http://www.cra-arc.gc.ca/E/pbg/tf/rc1a/README.html>

QST/TVQ tax number (Revenue Quebec)

<http://www.revenuquebec.ca/documents/en/formulaires/lm/lm-1-v%282013-01%29.pdf> (printable form)

[http://www.revenuquebec.ca/documents/en/formulaires/lm/lm-1-v\(2013-01\)dx.pdf](http://www.revenuquebec.ca/documents/en/formulaires/lm/lm-1-v(2013-01)dx.pdf) (fillable form)

Business plans

Scotia Bank

<http://www.scotiabank.com/ca/en/0,,594,00.html>

http://egi.scotiabank.com/planwriter/scotia_sb.html

RBC Royal Bank

<http://www.rbcroyalbank.com/RBC:RnbCjI71JsUAAvCskp8/sme/create-plan/business-plans.html>

Other

<http://www.canadabusiness.ca/eng/page/2753/>

Web site builder

Google sites

<http://sites.google.com/?hl=en>

Weebly

<http://www.weebly.com/>

Yahoo! Site Builder

<http://webhosting.yahoo.com/ps/sb/index.php>



BUSINESS PLAN TEMPLATE

1. Executive Summary/Business Description (section 1 is no more than one page)

Briefly describe:

- if this is a new business venture, expansion of an existing business or the purchase of an existing business;
- the type of business activity in which you are engaged (manufacturing, wholesale, retail, food processing, service, high technology, etc.);
- your product or service and its uniqueness;
- the market to be served;
- your advantage over the competition;
- the main objectives of your organization;
- your management background;
- the project time frames involved.

In addition, briefly describe what form of business structure you have chosen:

- sole proprietorship;
- partnership;
- corporation; or
- cooperative.

Include:

- date the business was registered/incorporated;
- the business name and address;
- the business phone number;
- the names of the owners and their telephone numbers;
- the percentage of business or number of shares held by each partner; and
- the web site address and relevant e-mail addresses (if available)

2. Project Costs and Project Funding

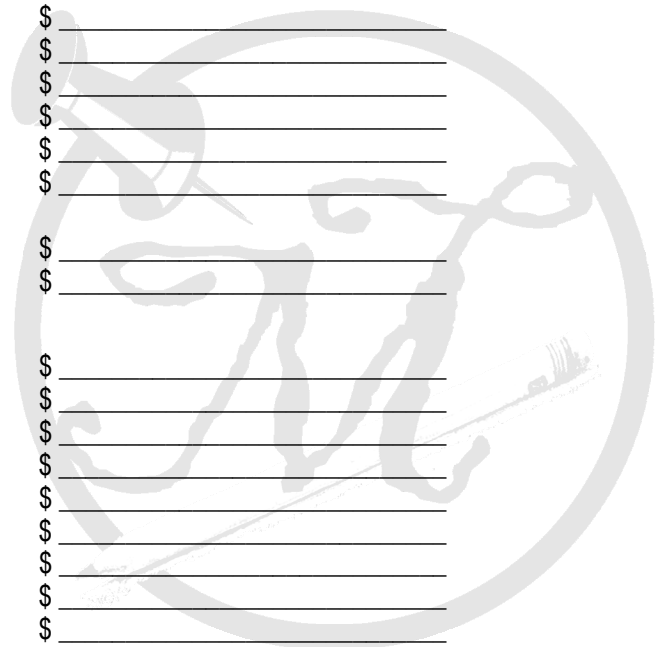
Identify the costs of the proposed business venture and the sources of the project funding.

* Project Cost Summary

- Land and Buildings
- Leasehold Improvements (renovations)
- Equipment/Furniture
- Vehicles (if used in the business)
- Inventory (opening cost)
- Other Start Up Expenses as per Cash Flow (accounting, taxes and licenses, insurance, rent, supplies, etc.)
- Working Capital
- Total Project Cost

* Project Funding

- Equity
 - Cash
 - Contributed assets
- Land and Building Mortgage
- Equipment Loan
- Other Loan
- Line of Credit (L/C)
- Grant/Subsidy
- Total Project Funding



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* Total project costs and project funding must be equal

3. **Product/Service** (section 3 should be about 2 pages)
 - Describe the products to be produced or the services/good to be provided.
 - What makes your product/service unique, or, how is your business different from others in the industry?
 - What are the features/advantages that will entice customers to buy from you (i.e., convenience, service, performance)?
 - Will you offer any product or service guarantees/warranties? Describe.

4. **Marketing** (section 4 should be about 2 pages)
 - To whom are you targeting your product or service?
 - Identify at least three (3) of your competition detailing their strengths and weaknesses and your opportunities and threats relative to them.
 - How will your competition react to you entering the market?
 - What price do you intend to charge for you product/service and how does it compare to each competitor?
 - What are your past sales (if applicable) and future projections (how much do you think you will have sold in year 1, year 2, and year 3)?
 - How do you want to be paid by your customers: cash, cheque, credit card, and/or with terms such as NET30 days?
 - Identify marketing campaigns that you will use to promote your product or service.

5. **Operating Requirements** (section 5 should be about 1 page)
 - Identify your facility requirements: size, location, and type of premises.
 - Provide details relating to special requirements as to water, power, compressed air, ventilation, heat, air conditioning, drainage, disposal, etc.
 - Provide a detailed description of the equipment, furniture, vehicles, and inventory you will need. Make sure to include the proposed purchase price of each.
 - Provide a general description of the day-to-day operations of the business (include hours of business, days open, seasonality of business, suppliers and their credit terms, etc.).
 - If you are manufacturing products, provide manufactured cost estimates.

6. **Management** (section 6 should include your organizational chart)
 - You must show the proposed organization chart of the company (i.e. who does what)?
 - Optionally, provide brief management biographies of the key personnel.

7. **Personnel** (section 7 should be about 1/2 a page)
 - List at least three (3) employees (not owner or manager) that you must hire
 - For each of these employees, mention if the position is going to be full-time, part-time, seasonal, or temporary.
 - For each of these employees, how are you going to pay them (hourly, monthly, or strictly by commission)?
 - Provide a 1 to 2 sentence job description for each position.

8. References

	Name	Phone Number	E-mail
Accountant			
Banker			
Consultant			
Insurance Company			
Lawyer			

Original version by: Saskatchewan Industry and Resources, Business and Co-operative Services

Forms of Business Organization

From a legal point of view, there are four types of businesses:

1. Sole proprietorships;
2. Partnerships;
3. Corporations; and
4. Co-operatives.

A brief description of each type is followed by a summary of their advantages and disadvantages. For specific information on how or where to register or incorporate a business, contact your local Canada Business service centre.

1. Sole Proprietorships

This is the simplest way to set up a business. A sole proprietor is fully responsible for all debts and obligations related to his or her business. A creditor with a claim against a sole proprietor has a right against all of his or her assets, whether business or personal. This is known as unlimited liability.

This type of business comes under provincial jurisdiction. If the proprietor chooses to carry on a business under a name other than his/her own, he/she must register with the province. Your business name registration, or renewal of registration, will be valid for a certain number of years. Call your local Canada Business service centre to determine when business name registrations need to be renewed in your jurisdiction.

If a sole proprietor establishes a business in his/her own name, without adding any other words, it is not necessary to register the business.

Note: In Newfoundland and Labrador, only incorporated businesses are required to register with the Provincial Registry of Companies and Deeds.

2. Partnerships

A partnership is an agreement in which two or more persons combine their resources in a business. In order to establish the terms of the business and to protect partners/shareholders in the event of disagreement or dissolution of the business, a partnership/shareholders agreement should be drawn up with the assistance of a lawyer. Partners share in the profits according to the terms of their agreement.

General Partnership

All members share the management of the business and each is personally liable for all the debts and obligations of the business. This means that each partner is responsible for and must assume the consequences of the actions of the other partner(s).

Limited Partnership

Some members are general partners who control and manage the business and may be entitled to a greater share of the profits, while other partners are limited and contribute only capital. Limited partners take no part in control or management and are liable for debts to a specified extent only. A legal document, outlining specific requirements, must be drawn up for a limited partnership.

Note: In Newfoundland and Labrador, only incorporated businesses are required to register with the Provincial Registry of Companies and Deeds.

3. Corporations

A corporation is a legal entity that is separate from its owners, the shareholders. No shareholder of a corporation is personally liable for the debts, obligations or acts of the corporation. This type of business can be incorporated at either the federal or provincial level.

A corporation is identified by the terms "Limited", "Ltd.", "Incorporated", "Inc.", "Corporation", or "Corp.". Whatever the term, it must appear with the corporate name on all documents, stationery, and so on, as it appears on the incorporation document.

Private Corporation

A private corporation can be formed by one or more people. A majority of its directors must be Canadian residents. If none of the directors reside in the province in which it does business, the corporation must appoint a Power of Attorney who reside in the province. A private corporation cannot sell shares or securities to the general public.

Public Corporation

A "public corporation" is one that issues securities for public distribution. Besides filing incorporation documents, a public corporation must file a prospectus with the appropriate Securities Commission in the province, must employ outside auditors and must distribute semi-annual financial statements.

Federal Corporations

Private and public corporations may be incorporated federally under the Canada Corporations Act. A firm operating nationally or in several provinces may find this advantageous. A federally incorporated business must still register in each province in which it does business.

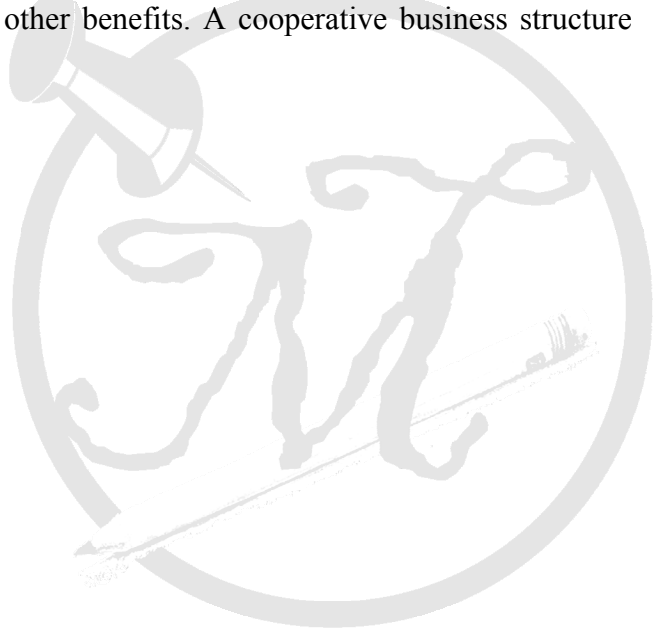
Provincially Incorporated Companies

Corporations may be incorporated at the provincial level. Normally, if that company moves from that province, it would have to re-incorporate in the province in which its head office will be situated.

4. Cooperatives

A co-operative is a corporation organized and controlled by its members, who pool resources to provide themselves and their patrons with goods, services, or other benefits. A cooperative business structure provides:

- democratic control based on one member one vote;
- open and voluntary membership;
- patronage dividends.



Advantages and disadvantages of each form of business organization

Sole Proprietorships

Advantages

- relatively low start-up costs;
- greatest freedom from regulation;
- owner in direct control of decision making;
- minimal working capital required;
- tax advantages to owner;
- all profits to owner.

Disadvantages

- unlimited liability;
- lack of continuity in business organization in absence of owner;
- difficulty raising capital.

Partnerships

Advantages

- ease of formation;
- relatively low start-up costs;
- additional sources of investment capital;
- possible tax advantages;
- limited regulation;
- broader management base.

Disadvantages

- unlimited liability;
- lack of continuity;
- divided authority;
- difficulty raising additional capital;
- hard to find suitable partners;
- possible development of conflict between partners.

Corporations

Advantages

- limited liability;
- specialized management;
- ownership is transferable;
- continuous existence;
- separate legal entity;
- possible tax advantage;
- easier to raise capital.

Disadvantages

- closely regulated;
- most expensive form to organize;
- charter restrictions;
- extensive record keeping necessary;
- double taxation of dividends;
- possible development of conflict between shareholders and executives.

Co-operatives

Advantages

- owned and controlled by members;
- democratic control (i.e. one member, one vote);
- limited liability;
- profit distribution (surplus earnings) to members in proportion to use of service; surplus may be allocated in shares or cash.

Disadvantages

- possibility development of conflict between members;
- longer decision-making process;
- participation of members required for success;
- extensive record keeping necessary;
- less incentive to invest additional capital.

Original chart prepared by: Saskatchewan Industry and Resources, Business and Co-operative Services

RUBRIC: YOUNG ENTREPRENEUR Term Project

Student 1 Name: _____

Student 2 Name: _____

CATEGORY	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	Score
GENERAL					
Bibliography	There is no bibliography or poorly written. 0-1	The bibliography has major flaws. It is not always clear what the sources are or the bibliography seems incomplete. 2	The bibliography is mostly complete. It is clear what the sources are. 3-4	The bibliography is complete and it is clearly written using the correct format. 5	
Research on Steps 8a, 8b, 8c, 8d and 8e	There is no evidence that research has been done on Steps 8a-8e. 0-5	There is little evidence, in separate sections of the project, that research has been done on Steps 8a-8e. 6-10	There is some evidence, in separate sections of the project, that research has been done on Steps 8a-8e. 12-16	There is good evidence, in separate sections of the project, that research has been done on Steps 8a-8e. 18-20	
ESSENTIALS					
Organization	The project organization or presentation is poor. 0-1	The project organization or presentation is fair. 2	The project organization and presentation is good. 3-4	The project organization and presentation is very effective and clear. 5	
Name Search	Insufficient name searches have been made or the outcomes would result in name rejection. 0-1	The name searches are somewhat sufficient or outcomes could result in name rejection. 2	The name searches have been well made and would result in name acceptance. 3-4	The name searches have been well made and additional names have been looked up in order to ensure name acceptance. 5	
Incorporation Form 1	Incorporation Form 1 is missing or has been poorly completed. 0-1	Incorporation Form 1 has been completed unsatisfactorily or would result in it rejected by Industry Canada. 2	Incorporation Form 1 has been completed and would result in possible acceptance by Industry Canada. 3-4	Incorporation Form 1 has been thoroughly completed and would result in it being accepted by Industry Canada. 5	
Incorporation Form 2	Incorporation Form 2 is missing or has been poorly completed. 0-1	Incorporation Form 2 has been completed unsatisfactorily or would result in it rejected by Industry Canada. 2	Incorporation Form 2 has been completed and would result in possible acceptance by Industry Canada. 3-4	Incorporation Form 2 has been thoroughly completed and would result in it being accepted by Industry Canada. 5	
Organizational Chart	The company structure and/or organizational chart has been poorly planned and/or documented. 0-2	The company structure and/or organizational chart requires more planning and/or needs to be better documented. 3-5	The company structure and organizational chart have been well planned and well documented. 6-8	The company structure and organizational chart have been extremely well planned and documented. 9-10	
Business Plan Elements <i>*elements from the "Business Plan Guide"</i>	The business plan is missing two or more of the following sections, or missing a total of four or more <i>elements</i> * within these sections: Executive summary, Project costs and funding, Product/service, Marketing, Operating requirements, Management (which refers readers to the organizational chart), and Personnel. 0-2	The business plan is missing one of the following sections, or missing a total of three <i>elements</i> * within these sections: Executive summary, Project costs and funding, Product/service, Marketing, Operating requirements, Management (which refers readers to the organizational chart), and Personnel. 3-5	The business plan includes all of the following sections, but is missing one to three <i>elements</i> * within these sections: Executive summary, Project costs and funding, Product/service, Marketing, Operating requirements, Management (which refers readers to the organizational chart), and Personnel. 6-8	The business plan includes all of the following sections and all of the <i>elements</i> * within these sections: Executive summary, Project costs and funding, Product/service, Marketing, Operating requirements, Management (which refers readers to the organizational chart), Personnel, and References. 9-10	
Business Plan Content	The content of the business plan has been poorly written and the team members demonstrate a poor understanding of the subject. 0-6	The content of the business plan is fairly well written but the team members demonstrate a poor understanding of the subject. 7-17	The content of the business plan is well written and the team members demonstrate a good understanding of the subject. 18-25	The content of the business plan has been extremely well written and the team members demonstrate a very good understanding of the subject. 26-30	

100

COMMENTS: _____