

Consulting / Independent Contractor Business Sourcing Guide

Revised: June 2004



Canada / British Columbia Business Service Society

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<http://www.smallbusinessbc.ca>

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**Consulting /
Independent
Contractor**

Regulatory / Legal

Basics for Getting Started

There are some basic regulatory requirements that are likely to affect you when starting your business. Requirements include registering your business name, obtaining a business license and paying taxes.

For more information on basic regulatory requirements, visit the Canada / BC Business Service Society's web site at:

<http://smallbusinessbc.ca/workshop/finance.php>

Employment vs. Contracted Work

Revenue Canada may not consider the individual as self employed if there is evidence of an employer-employee relationship. Consider the following four factors to help determine if you are employed or if you are a contractor.

How much control is exercised?

Does the employer have the right to dictate hours, location of work, deadlines? Is there direct supervision? Does the employer provide training? Is there a job description? The more control the employer has over the worker, the more likely that the worker is an employee.

Who provides the majority of tools and equipment?

A person hired to do work with a bulldozer shows up with the bulldozer and operates it. A person hired to do general construction work shows up with a hammer. All other things being equal, the person operating the bulldozer is more likely to be considered as self-employed, while the construction worker is more likely to be considered an employee.

What are the chances of profit and risk of loss?

Is it possible for the worker to suffer a loss? If the person is paid x dollars per hour for services, with relatively few related cash expenses, a loss is unlikely as a result of performing this work. Alternatively, a self-employed person/business usually bids on a certain job and may have to hire workers. If the job is under-bid, a loss may result.

Employment vs. Contracted Work

Employee or Self-Employed?

Publisher: Canada Revenue

Agency

Doc. #: RC4110

Toll-free: 1-800-959-5525

<http://www.cra->

[arc.gc.ca/E/pub/tg/rc4110/READM](http://www.cra-arc.gc.ca/E/pub/tg/rc4110/READM)

[E.html](http://www.cra-arc.gc.ca/E/pub/tg/rc4110/READM)

*Regulatory / Legal continued**How does the work integrate into the main business?*

People hired to perform the main function of the company, without which the company would have no product or service to offer for sale, are more likely to be employees. Alternatively, a person hired to perform gardening services around the building of a manufacturing company could be considered self-employed, because this service is not an integral part of the business operations.

For more information on employee vs. contractor, check Revenue Canada's website for a book entitled "Employee or Self-Employed?". This book can also be obtained from The Canada Revenue Agency web site, or by phoning the agency directly.

Payroll Deductions

Self-employed or independent contract workers are paid agreed upon amounts of money. Income tax and Canada Pension Plan (CPP) are not normally deducted from a contractor's payment. Contractors are not eligible for Employment Insurance (EI) benefits relating to the contracted work. The contractor is required to pay both the employee's and the employer's share of CPP on such work. Check with the Workers Compensation Board (WCB) to determine which party is responsible for WCB coverage.

Employment vs. Contracted Work (cont.)*Canada Revenue Agency
Business Enquiry Line*

Toll-free: 1-800-959-5525

Payroll Deductions*Payroll Deductions Guides*

Canada Revenue Agency

<http://www.cra-arc.gc.ca/formspubs/topics/payrolle.html>

Toll-free: 1-800-959-5525

Workers Compensation Board

Workers Compensation Board -
Head Office

6951 Westminster Hwy

Richmond, BC, V7C 1C6

Tel: (604) 273-2266

Fax: (604) 244-6490

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

Funding / Financing

Financing Your Business

Small business financing can involve several types of financing. Examples are short-term debt, long-term debt and equity financing.

For a more information on types of financing, visit the Canada/BC Business Service Society's web site at:

<http://smallbusinessbc.ca/workshop/finance.php>

Financing a Consulting Business

The majority of individuals starting a consulting / independent contractor business have relatively minor funding and financing concerns, as compared to other small business ventures. Most entrepreneurs in this area of business will operate their venture from their home, minimizing many of their financing needs.

When starting a consulting / independent contractor business, many of the funding and financing needs will revolve around setting up the home office with required furniture, office supplies and equipment. A well equipped consultant / independent contractor, regardless of their area of business will likely require a computer with the appropriate software, a printer and fax machine. As consulting / independent contractor businesses require individuals to remain mobile, yet available to their client base at all times, cellular phones, pagers and laptop computers are worth considering.

Even the most well equipped consulting / independent contractor businesses can often be set up for under \$5,000. Depending on the area of business, an operating line-of-credit may be required to cover a range of business expenses from automobile lease payments, travel costs, pager and cellular phone payments, to training courses and seminars.

Funding / Financing continued

Given the minor financing requirements of starting a consulting / independent contractor business, the most likely sources will be personal loans from banks and credit unions. Financing options appropriate to this type of business are credit cards, operating loans, short-term financing in the form of an operating line-of-credit, and equipment leasing. Use of a credit card allows the small business owner access to a line-of-credit with a pre-determined limit, without restrictions on access or use of funds. Available through banks and credit unions, credit cards are extended to business owners based on their personal credit history and their ability to repay.

Operating loans are made to small businesses and used to supplement operating capital. A short-term loan of this type may be negotiated through most banks or credit unions and provides the small business with an operating line-of-credit.

Small business financing can involve several types of financing. Examples are short-term debt, long-term debt and equity financing. For a more information on types of financing, visit the Canada/BC Business Service Society's web site at:
<http://smallbusinessbc.ca/workshop/finance.php>

Sources of Financing

Community Futures Development Corporations (CFDC)

Community Futures Development Corporations provide business loans to assist existing businesses expand, or to help entrepreneurs create new businesses. Loan amounts are up to \$125,000. There are over 30 Community Future Development Corporations located throughout rural British Columbia.

Canada Small Business Financing Program (CSBF)

The Canada Small Business Financing Program was created to help small businesses reach their potential by making it easier for them to get term business improvement loans to finance the purchase or improvement of fixed assets, for new or expanded operations. Administered under the Canada Small Business Financing Act (CSBFA), the program is a joint initiative between the Government of Canada and private-sector lenders.

Business Development Bank of Canada (BDC)

The Business Development Bank of Canada (BDC) is Canada's small business bank. BDC plays a leadership role in delivering timely and relevant financial and management services, with a particular focus on the emerging and exporting sectors of the economy. BDC is dedicated to helping create and develop Canadian small and medium-sized businesses.

Financing

To find the nearest Community Futures Development office in BC, check:

<http://www.communityfutures.ca/provincial/bc/locations/>

or call

Canada/BC Business Service Society

Toll-free: 1-800-667-2272

Canada Small Business Financing Program

For further information on the CSBFA, contact the Lender of your choice or view the Web Site at:

<http://strategis.ic.gc.ca/csbfa>

Business Development Bank of Canada

505 Burrard Street

Vancouver, BC, V7X 1V3

Toll Free: 1-888-INFO BDC

Tel: (604) 666-7850

Fax: (604) 666-7859

<http://www.bdc.ca>

Funding / Financing continued

Overview of Government Financial Programs

The Overview is the Canada/BC Business Service Society's publication that lists government assistance programs and services for small business. Both federal and provincial government programs are listed. Not meant to be a comprehensive list of all business assistance programs, the Overview is a collection of the more popular programs that are more readily available to the small business owner.

Strategis Web Site – Sources of Financing

Industry Canada's Strategis web site - Sources of Financing, offers an extensive database of financial providers and diversified resources to build your financing knowledge.

How-To / Educational

All publications listed in this document are available for reference in the C/BC BSS Business Library.

How-To Publications

Start and Run a Profitable Consulting Business

This practical step-by-step success guide shows how anyone can turn knowledge and experience into a profitable consulting business. The comprehensive discussions on all aspects of consulting will get you over that first hurdle of starting your business and direct you toward a successful and profitable marketing plan.

Business Manual: Consulting

This guide quotes financial information and operational data derived from actual business cases. The business manual provides a wide range of information related to starting a consulting business, such as: market/location, record keeping and taxes, financial management, advertising and promotion, operations and much more.

Handbook for Canadian Consultants: Turning your expertise into a successful small business

Guide to translating expertise in any industry into a thriving consulting business. Each aspect of starting and running a consulting practice is covered, including writing proposals, setting fees, marketing and expanding. Includes an index.

Overview of Government Financial Programs

<http://smallbusinessbc.ca/pdf/overview.pdf>

Strategis Web Site

<http://strategis.ic.gc.ca/sources>

How-To Publications

Start and Run a Profitable Consulting Business

Publisher: Douglas Gray, Self-Counsel Press

ISBN: 1-55180-106-X

<http://www.self-counsel.com>

Business Manual: Consulting

Publisher: Entrepreneurship Institute of Canada

<http://www.entinst.ca>

Handbook for Canadian Consultants: Turning your expertise into a successful small business

Publisher: McGraw-Hill Ryerson

ISBN: 0-07-560101-X

How-To / Educational continued

How to be a Successful Computer Consultant

Outlines the career survival skills and technological know-how you need to be a consultant or expert. Provides step-by-step strategies for new consultants looking to build a business including: choosing your service, marketing, financial considerations.

Streetwise Independent Consulting

Streetwise Independent Consulting is a one-stop resource for starting, running and growing a consulting business. Topics include how to land new clients, position your business for success, sell yourself like a pro, leap over common hurdles, write winning proposals and make convincing presentations.

Consulting on the Side

This publication is a guide of how to start a consulting business while still holding down a regular job. Topics covered include: building a client base, marketing your services, setting fees and negotiating contracts, conflict-of-interest issues, accounting systems, and handling stress.

The Consultant's Quick Start Guide

This guide shows how to: Develop a dynamic business plan; Meet critical legal requirements; Build client relationships; Market consulting services; Charge for services; Grow a profitable business. Included are worksheets, action lists, sample letters, marketing and promotional ideas, sample letters, marketing and promotional ideas, sample dialogues and ready-to-use forms.

How to be a Successful Computer Consultant

Publisher: McGraw-Hill
ISBN: 0-07-058029-4

Streetwise Independent Consulting

Publisher: Adams Media Corporation
ISBN: 1-55850-728-0
<http://www.adamsmedia.com>

Consulting on the Side

Publisher: John Wiley & Sons
ISBN: 0-471-12029-4

The Consultant's Quick Start Guide

Publisher: Josey-Bass/Pfeiffer
ISBN: 0-7879-5667-8

How-To / Educational continued

Business Communication

Lifetime Guide to Business Writing & Speaking

This practical guide gives you all the tools you need to gather support for your ideas, resolve conflicts and project an aura of authority and confidence in all your on-the-job interactions. You'll find a wealth of practical, real-world advice. There are business-tested examples and hundreds of ready-to-use model letters, memos and checklists for expressing yourself clearly, concisely and effectively.

The Manager's Guide to Business Writing

This publication contains practical guidelines for writing business correspondence and materials with speed, precision and power, giving your readers the most information in the least amount of time. It's designed to provide maximum impact to your everyday work performance.

Sales Publications

Getting Sales – A Getting Into Business Guide

This is a no-nonsense guide to help new businesses find customers and keep them coming back again and again. Learn how to establish an identity, understand the seven-step advertising plan and more.

No B.S. Sales Success

Dan Kennedy, a noted author, speaker and consultant, gives advice on how you can become a real success and make tons of money in selling. Some of the secrets he shares include: 16 strategies proven to increase sales, how positioning wins more sales than prospecting, the six steps of the "No B.S. Sales Process" and his secret of "Takeaway Selling."

Relationship Selling

Topics discussed include how selling a service is different from selling a product, what relationship selling is and why it is important for selling a service, how to sell when you're not a salesperson and asking for what you're worth.

Business Communication

Lifetime Guide to Business Writing & Speaking

Publisher: Prentice Hall Books

ISBN: 0-13-311606-9

<http://www.phdirect.com>

The Manager's Guide to Business Writing

Publisher: McGraw-Hill

ISBN: 0-07-071867-9

<http://www.mcgraw-hill.com>

Sales Publications

Getting Sales – A Getting Into Business Guide

Publisher: Dan Kennedy, Self-Counsel Press

ISBN: 0-88908-984-1

<http://www.self-counsel.com>

No B.S. Sales Success

Publisher: Dan Kennedy, Self-Counsel Press

ISBN: 0-88908-769-5

<http://www.self-counsel.com>

Relationship Selling

Publisher: Karen Johnston and Jean Withers, Self-Counsel Press

ISBN: 0-88908-529-3

<http://www.self-counsel.com>

How To / Educational continued

Marketing Publications

Effective marketing is critical to the success of any Consulting or Independent Contracting business. The publications listed in this section are excellent tools to assist you in developing a sound marketing plan for your small business and can significantly improve your chances for success.

Marketing Your Service Business

This book explains what is necessary to develop a marketing plan that will work for service businesses. Whether your service is consulting or running a restaurant, you will profit from expanding your market. The authors, consultants to service businesses, have provided 34 worksheets for you to develop your own specific marketing plan based on the procedures they describe.

The Complete Idiot's Guide to Marketing Basics

The Complete Idiot's Guide to Marketing Basics tells you what you need to know about positioning and marketing your product. It provides step-by-step instruction on putting together a promotion plan, information on managing a sales force and steps for matching your product or service with the customers who need it.

Marketing for the Self-Employed

Marketing puts you in contact with the people who want to buy your products and services. If you can reach these customers effectively, you can ensure the success of your business. Yet many self-employed people never master the art of marketing. You will learn how to do it here from someone who's done it himself. Topics include: effective marketing, tools and tactics and time and money management.

How to Market a Product for Under \$500!

A guide for taking advantage of low cost or free marketing techniques. Includes information on putting together a marketing plan, writing press releases, and more effective placements of advertising.

Marketing on a Budget

This book explains ways to save money on buying in marketing information or expertise, but it also demonstrates many of the skills that companies with higher budgets would farm out. It is full of anecdotes and examples which draw on the experience of people who have achieved success through low budget marketing themselves.

Marketing Publications

Marketing Your Service Business

Publisher: Self-Counsel Press
ISBN: 1551 80395-X

The Complete Idiot's guide to Marketing Basics

Publisher: Alpha Books
ISBN: 0-02-861490-9

Marketing for the Self-Employed

Publisher: Prima Publishing
ISBN: 0-7615-0592-X
<http://www.primapublishing.com>

How to Market a Product for Under \$500!

Publisher: Danielle Adams
Publishing
ISBN: 0-9642879-2-7

Marketing on a Budget

Publisher: International Thomson
Business Press
ISBN: 1-86152-146-4

How To / Educational continued

How To Write a Marketing Plan

A step-by-step guide to writing a marketing plan, going through the following stages: carrying out a marketing audit; setting objectives and the strategies to achieve them; devising budgets; writing and implementing the plan.

Global Marketing for the Digital Age

This guide demonstrates how to develop a global marketing program that uses digital and online technology. Explains step-by-step how to expand a business into foreign markets using databases, e-mail, the web, call centers, prepaid calling cards, internet telephony, online networks, push channels etc..

1001 Ways to Market Yourself and Your Small Business

This publication will teach you how to advertise and promote effectively, easily and inexpensively; it also shows you how to custom-tailor a marketing plan that suits your business's specific needs. You will learn the art of advertising on the Internet, creating direct mailings that have an impact, utilizing free or inexpensive marketing tactics, networking effectively, placing long-lasting advertisements, creating dazzling press kits and making the most of trade shows..

Contacts / Directories

In addition to the general directories listed in this section, the C/BC BSS Business Start-up Library has a wide range of industry specific directories for sourcing potential customers.

Selling to Government

BC Purchasing Services – Bid BC

The Purchasing Commission is the central procurement agency for the Government of British Columbia. It purchases millions of dollars in goods and service annually on behalf of provincial government ministries and agencies, and delegates authority to ministry personnel to make purchases up to \$5,000.

Bid invitations for purchases made by the Purchasing Commission, and other public sector agencies, are posted on BC Bid at

<http://www.pc.gov.bc.ca>

How to Write a Marketing Plan

Publisher: Kogan Page Ltd.

ISBN: 0-7494-3254-3

Global Marketing for the Digital Age

Publisher: Harper Business

ISBN: 0-00-255740-1

1001 Ways to Market Yourself and Your Small Business

Publisher: Berkley Publishing Group

ISBN: 0-399-52314-6

Selling to Government

BC Purchasing Services Bid BC

Victoria

1-102 - 548 Michigan Street,
Victoria, BC, V8W 9W6

Tel: (250) 387-7300

Fax: (250) 387-7309

<http://www.pc.gov.bc.ca/>

Kamloops

2nd Floor 455 Columbia Street
Kamloops, BC V2C 6C1

Tel: (250) 828-4322

Fax: (250) 371-3890

<http://www.pc.gov.bc.ca>

*Contacts and Directories continued.****Public Works and Government Services Canada (PWGSC)***

Source Lists - The PWGSC maintains lists of private sector vendors of goods and services used to select suppliers. These lists are still used by PWGSC regional offices for purchases under \$25 000 under the area-buy policy

MERX – Electronic Tendering Service

MERXTM is an on-line service that advertises government contracting opportunities to potential bidders. Anyone with Internet access can view notices and bid on federal government contracts as well as provincial and municipal government contracts.

Print Directories***Annual Book of Lists***

This B.C. business directory includes: more than 45 ranked lists of leading companies and institutions in every major industry, compiled from weekly lists published in Business In Vancouver. Included in the publication are: largest accounting firms, software companies, internet service providers, forest companies, top 100 public and private companies and more.

Canadian Business Disc (Public Access Terminals at Canada / BC Business Service Society and most public libraries)

This is a directory of over 1.1 million Canadian businesses, listings include: company name, complete mailing address, telephone number, type of business/SIC codes, employee size, sales volume, key contact name, and much more. Ideal for direct mail and telemarketing, leads for your sales force, locate suppliers, print lists, reports and labels etc. Records can be selected by type of business/SIC, employee size, sales volume, geography (province, city, metro area, postal code), company name, etc..

Public Works & Government Services Canada

Client Supplier Relations
641-800 Burrard Street,
Vancouver, BC, V6Z 2V8
Tel: (604) 666-1902
Fax: (604) 666-3063

<http://www.contractsCanada.gc.ca>

MERX Internet Service

Toll-free: 1-800-964-6379

<http://www.merx.com>

or contact PWGSC -Client Supplier Relations (above)

Print Directories***Annual Book of Lists***

Publisher: Business in Vancouver
<http://www.biv.com/publications/spbol.html>

Canadian Business Disc

Publisher: Canadian Business Information

Market Data / Statistics

Sales Forecasting

Sales forecasting is the process of organizing and analyzing information in a way that makes it possible to estimate what your sales will be.

For a more information on sales forecasting, visit the Canada/BC Business Service Society's web site at:

<http://smallbusinessbc.ca/workshop/salefore.php>

Sources of Market Data

Performance Plus

Performance Plus is an on-line performance benchmarking tool. It provides detailed financial and employment data on more than 600 business sectors across Canada, including more than 30 performance benchmarks to help small businesses determine how they measure up against their competitors.

Strategis Website

Industry Canada's website has industry information by sector for both Consulting Engineers and for Management Consultants.

Market Data / Statistics

Performance Plus

Industry Canada

<http://sme.ic.gc.ca>

or C/BC BSS Stats Consultant

Tel: (604) 775-5699

or Statistics Canada

Toll-free: 1-800-263-1136

Strategis Website

http://strategis.ic.gc.ca/epic/internet/inic-ic.nsf/en/h_dh00003e.html