



# How to Start Your Own Business In Nunavut

## Introduction

This guide is intended as an aid in establishing your own small business. It is a general information package compiled and developed through the Canada-Nunavut Business Service Centre. It is intended only as a reference guide and outlines the basic steps for starting a business. The steps included may not **all** be necessary. This will be determined by the business you wish to start. One of the key things to remember throughout the process of starting your own business is to keep yourself informed of sector related issues- as the common phrase reminds us - **knowledge is power**. Research of the demographics you wish to reach; the most successful marketing techniques for your area and business; what are your competitors doing? etc. will make a difference in the success of your business. There are many avenues of research available to you - reading related materials, Internet, talking to people in the business, talking to potential clients, 'snooping around' your community, and contacting the Canada-Nunavut Business Service Centre.

## Before You Start

Before you can start anything it may be a good idea to think over a few things such as:

- Are you ready to run your own business?
- Do you have any business training?
- Are you prepared to sacrifice the time, money and effort necessary to make your business work?
- Most businesses generate little income in the beginning. Are you able to survive without income for a period of time or do you have another source?
- Do you have the location, equipment and resources necessary or are they easily available to you?

## What do I do first?

Your very first point of contact - before you begin to plan all of your ideas for your business – is your Community Economic Development Officer (CEDO). Your CEDO will be able to direct you to information from local opportunities and financing. Their job is to help guide you through the initial stages of your business plan development through counselling and assistance. Contact your Municipal office for the CEDO in your community.

If you are looking to start a business in a specific sector, you may want to contact a local Nunavut sector specialist or sector association (ie: Nunavut Tourism). For more information on sectors such as aboriginal arts and crafts, mining, tourism, fisheries etc., contact the Canada-Nunavut Business Service Centre.

Once you have done the above, you will need to decide what kind of legal structure you will want. There are four main forms of legal structure for business:

- ❑ Sole Proprietorship – this means you are the only person responsible and that you personally are not legally separated from your business. You get the benefit of all the profits and make all the decisions and it is relatively inexpensive to set up when compared with the other forms. The Disadvantage however is if someone sues your business, they are suing you and you are liable. As well, you must cover all costs and the work, and any income is included on your personal income tax.
- ❑ Partnership – This is where several people go into a business together. It is almost the same as a sole proprietorship, however, there is more than one person to take responsibility, as it is a joint effort. There should be a formal written agreement outlining each partner’s responsibilities and commitments.
- ❑ Cooperative – This form of business is when a group of people come together (minimum of 5 people) to create a business to satisfy a common need. They operate democratically through two governing bodies, the board of directors and the general meeting of the members. Start up costs are usually obtained from the shares purchased by the members and each member’s liability is determined by the amount of shares they hold. There are three types of cooperative: workers, producers and consumers.
- ❑ Incorporation – Although incorporating involves higher start-up costs, increased paper burden and requires more personnel resources, there are benefits to incorporation. By incorporating, you receive benefits of having your business as a separate legal entity, which limits liability of the directors and shareholders. Creditors cannot sue shareholders although directors may be held somewhat liable. The benefit of lower corporate tax rates is also a benefit to incorporation. One of the biggest benefits of incorporation may be the fact that it is easier to raise capital than it is for the other forms of business.

The type of business structure you decide on may be influenced by the following:

- ❑ Personal Liability – how much liability do you want if the business runs into problems;
- ❑ Taxation – each form has a different level and type of taxation;
- ❑ Experience – Do you know enough to start a business on your own or will you want to have others to help you with their expertise.

Once you have decided on the business you want to start, you should do some research into that business sector which you want to be involved. Research should be done to identify your target market and the demand for the product, etc. as well as the best location for your business.

### **So, I know what kind of business to start, what next?**

Once you have decided on the basics of the kind of business you want to start, you will need to develop a business plan to lay out your thoughts, ideas, information and finances. A business plan is necessary, first and foremost, to tell you if your idea is feasible. It also lets potential investors know that you are serious about starting your business and where you intend to spend their money, and it can also act as a reference guide for yourself when you are setting up your business. A business plan will generally include information on the following areas:

- ❑ Executive Summary/Business Description
- ❑ Project Costs and Project Funding
- ❑ Product/Service
- ❑ Marketing
- ❑ Operating Requirements
- ❑ Management
- ❑ Personnel, Training or Skills Assessment
- ❑ References
- ❑ Financial Projections
- ❑ Additional Information

For more information on Business plans and sample plans, consult CNBSC document *Business Plan Guide* or use the Interactive Business Planner on the Internet at <http://www.cbsc.org/ibp/>.

### **I've got a great idea but how can I finance it?**

There are several places where potential business owners in Nunavut can go to obtain funding. Keep in mind that all agencies look at a mix of your own equity (cash and sweat), loan monies and grant/contribution monies (free money).

1. Aboriginal Business Canada (ABC) – ABC provides support to Aboriginal entrepreneurs seeking to start or expand their own businesses or to improve existing ones by giving them access to financing and information that will help them enhance their management skills. ABC emphasizes four priority areas: tourism, technology adoption and enhancement (innovation), expansion of domestic and export markets, and youth entrepreneurship. They offer support in way of grants and loans, and as well, through business support in areas such as training, supplies, marketing and business plan development.
2. Atuqtuarvik Corporation (AC) - AC is an investment and loan fund created by NTI and the Nunavut Trust to help ensure direct Inuit participation in major economic opportunities. The corporation provides loans and equity funding for the purposes of business start-up, business expansion and business acquisition. The corporation is mandated to provide loans and equity investments in the range of \$100,000 to \$3 million.
3. Community Futures organizations (Baffin Business Development Centre – BBDC and Keewatin Business Development Centre - KBDC) – BBDC and KBDC are non-profit corporations whose mandate is to assist small businesses in the Baffin and Kivalliq regions respectively. They provide loans, equity and guarantees and also assists in business plan development, business advice and aftercare counselling.
4. Nunavut Business Credit Corporation (NBCC) – NBCC is a crown corporation owned by the Government of Nunavut. It aims to help individuals and businesses in Nunavut take advantage of business opportunities through NBCC's financial services. Their services include long and short-term loans, contract security, equity positions and loan guarantees. NBCC provides these services in the range from \$100,000 to \$1 million.
5. Business Development Bank of Canada (BDC) – BDC is Canada's small business bank. BDC plays a leadership role in delivering financial and management services, with a focus on the emerging and exporting sectors of the economy. It is dedicated to helping create and develop Canadian small and medium-sized businesses. BDC offers a variety of financial and consulting services, as well as flexible terms and conditions, such as stepped principal payments, seasonal payments, and in some cases deferred principal repayment.
6. Economic Development & Transportation (ED&T) – This Government of Nunavut department has programs which provide financial support to small business:
  - Business Development Fund (BDF) – This is a contribution fund aimed at stimulating employment and economic development throughout Nunavut. It has a number of schedules that are designed to assist businesses during all phases of the business cycle. Assistance is provided for research and planning,

business start-up, business expansion, market and product development, training, and emergency relief to assist businesses in financial difficulty. As well, is a good source for those who are looking for small tools for business (eg. carving tools and sewing equipment).

7. Kakivak Association (KA), Kitikmeot Economic Development Commission (KEDC) and Kivalliq Partners in Development (KPD) – These organizations are the community economic development wings of the regional Inuit Associations. They are non-profit Inuit economic development societies that represent and serve the business interests of all Inuit in Nunavut. They exist to help train Inuit people to own, manage and expand their businesses, promote awareness and provide information on economic assistance opportunities and programs, provide technical and financial assistance to the Inuit people, act as a liaison between organizations and government agencies and programs and to respect and enhance traditional values and pursuits.
8. Oikiqtaaluk Corporation (OC), Kitikmeot Corporation (KC) and Sakku Investments Corporation – are wholly Inuit owned birthright development corporations created by the regional Inuit associations, to provide direct opportunities for Inuit. They aim to become a major contributor to all segments of the Nunavut economy. Balancing tradition with innovation, they are mandated to improve the social and economic well being of all Inuit people by investing in or creating sound financial opportunities.
9. Conventional Banking Institutions - These institutions (Royal Bank, CIBC etc....) provide business owners loans and credit lines.

For more information on any of these organizations and the funding available, you can use the CNBSC website ([www.cbsc.org/nunavut](http://www.cbsc.org/nunavut)) to access any of the CNBSC documents listed or contacting either the Canada-Nunavut Business Service Centre or the organization directly. You may also wish to refer to the Industry Canada website, Strategis for more source of financing.

### **I've got the plan and the money, what else do I have to do?**

If you want to run a business, there are specific regulations to follow and licensing you must acquire. These regulations will vary depending on the type and location of your business but there are several mandatory requirements (information on this and further registry information and contact information can be found in document *Regulatory and Licensing Agencies Info-Guide* or through the Canada-Nunavut Business Service Centre):

1. Municipal Licensing, Zoning and Bylaws - If you intend to establish your business within a community that has Hamlet, Village, Town or City status you must receive a business license from the local municipal office. You must also look into whether or not there are local zoning or bylaw restrictions to where you want to set up your business. For more information contact your municipality.

2. Workers' Compensation Board – You are required to obtain a Certificate of Compliance for employees and employer before you may start your business. This is also required to be licensed for your business or to get other operating licenses (eg. Outfitting License). To register, contact the WCB.
3. Registering your Business – All business and non-profit organizations that wish to operate in Nunavut must be registered with Nunavut Legal Registries.
4. Business Number – You may wish to obtain a BN to simplify and streamline the way your business deals with government. The BN includes the four major Revenue Canada business accounts: corporate income tax, import/export, payroll deductions, and GST/HST. More details can be obtained by writing or phoning the Canada Customs & Revenue Agency offices.
5. Payroll Tax – This is a tax on income that employers must collect. A business in Nunavut must register for this within 21 days of paying an employee. More details can be obtained from the Department of Finance and Administration.
6. Municipal Business Tax – Some communities may require you to pay a business tax usually based on a certain percent of the rental value of your business facility. Contact your local municipal office for more information.

There are also several things that are not required but are recommended:

7. Insurance – You may need liability insurance and Title insurance to operate. Prices vary depending on the type and size of your business. Contact your local insurance company for more details
8. Business Specific Requirements – Depending on the type of business that you are starting, they may also be additional requirements in the form of licenses and permits required. For example, any business that serves food will require things such as health inspections and fire inspections. Some who want to do outfitting will require an outfitters license.
9. Labour Standards - When starting a business it is important to know the legislation that legally determines the minimum employment standards for employees. The purpose of this Act is to describe the rights and responsibilities of employers and employees in Nunavut. The Act also describes procedures for investigating complaints. The role of the Labour Standards Officer is to mediate and when required provide a decision concerning disputes between employers and employees involving rights and responsibilities. For more information contact the Department of Justice.

10. Safety Requirements - When starting a business it is important to know the regulations that affect your employee's safety. More details can be obtained by writing or phoning the Worker's Compensation office.

There are also general health, fire and safety requirements which should be looked into before opening your business. For fire and general safety requirements, contact the Office of the Fire Marshall. For health regulations pertaining to your business, contact the Department of Health and Social Services.

11. Property Rental – If you plan to rent your business space (or alternatively, run a business renting properties), you should contact the rental office which acts as a source of information and provides services to both landlords and tenants at no cost to either party. Contact the rental office.
12. Incentive Registrations – there are registries which a business that wishes to do contracting may register with to receive incentive.
  - a. Nunavummi Nangminiaqqtunik Ikatuji (NNI) – This program is a policy of the Government of Nunavut (GN) contracting an incentive (bid adjustment and labour bonus) to assist local, Nunavut and Inuit firms so that they can provide goods and services to the GN and the general public at reasonable prices. More details can be obtained by contacting the Department of Public Works.
  - b. Inuit Firm Registry (Article 24) – Under Article 24 of the Nunavut Land Claims Agreement, there is provisional encouragement given to governments to give preferential ratings to Inuit-owned and operated businesses in Nunavut when tendering contracts. The NTI provides the Inuit Firm Registry as a list of recognized Inuit Firms under Article 24. To register, contact the NTI Business Development office.

For more information or assistance in establishing your business, see attached lists of contacts and resources.