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## Women starting a business should start here

Expert planning and financial advice for business success

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By Andrew Willis | 05/03/19

Note: This article is part of Morningstar Canada's [Women in Investing](#) Special Report. Women are making their mark in the world of business, with great fanfare. From cannabis to ice-cream, inspirational success stories are encouraging a growing demographic of women to go [all the way with their dreams](#).

In fact, an increase in female-led businesses is driving optimism for the future of the entire country. The federal government estimates that Canada will have the potential to add [\\$150 billion in incremental GDP by 2026](#) as the number of majority women-owned businesses is expected to double by 2025.

However, it's not all good news. The federal government estimates that only 16% of small and medium-sized enterprises are majority women-owned, only 10% of high-growth firms are owned by women and only

8% of women-owned businesses are currently exporting their products and ideas overseas.

"Women-led businesses have high-growth ambitions, but systemic gender barriers [encourage them to stay small](#). Compared to male-led businesses, women entrepreneurs have smaller teams and lower revenue, and they are less likely to raise capital or pursue export markets," says Victoria Lennox, Co-Founder and CEO of Startup Canada.

Women-led businesses also face barriers in accessing capital. According to recent federal government data, women entrepreneurs are less likely to seek debt and equity financing and are more likely to be rejected or receive less money. Businesswomen should not be discouraged. There are resources available help break through these barriers. The federal government's Women Entrepreneurship Fund provides investment funding of up to \$100,000 in non-repayable contribution funding for 12 months to help kick start your businesses.

But before embarking on this entrepreneurial journey, what should women watch for when looking to turn their potential into profit?

### Do your research

The adage 'do what you love, and you'll never work another day in your life' still rings true, but with a few conditions.

First and foremost, do your research, says Jackie Porter, Financial Planner at Carte Wealth Management. Making those first few steps to scope out the prospects of your next great idea can help ensure you're on the right path. Think about your skillset

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and where the demand for your skills are, says Porter. Consider the impact of new technologies in your industry of interest and how your skillset might mesh with an evolving business environment. Then isolate any trends that you might look to leverage.

"Starting your own business is a very personal decision," says Ilana Schonwetter, Investment Advisor at BlueShore Financial. Think about what you enjoy and what motivates you.

Women starting a business should be following their passions but need to ensure their interests can be fully functional businesses says Amy Dietz-Graham, Portfolio Manager and Investment Advisor at BMO Nesbitt Burns, who suggests that once you have a product, find a specific market, and then build your plan of attack.

#### The power of a plan

Business plans are not only important to get approval from a bank for start-up financing, but also to ensure that you cover for all your success factors – financial or otherwise – so that you can map out the journey ahead.

The federal government provides [sample business plans and templates](#) to help guide you along. But before you get started on the plan, get to know your competition, ensure you can back up your claims with data, be conservative with your projections and estimates and be realistic with your timelines and whether you have sufficient resources for each chapter of your success story.

A crucial part of planning involves a second set of eyes, and identifying area of weakness where you'll want to supplement your talents with the talents of others.

#### Build a team

Entrepreneurs are visionaries. But that vision isn't all-encompassing. A lawyer may know law, but not all the operational aspects of a business.

"Take the time to find the right people to work with. Sometimes business owners don't know what questions to ask and to whom," says Porter. Focusing on getting those first partners right allows you to open up, allows unknown issues to surface, and helps you find the right problem-solvers.

Porter provides an example of a lawyer whom she advised for three years. After noticing the need to tackle a skyrocketing tax rate, she referred an accountant to join the team, reducing her tax rate from 21 to 13 percent.

#### Build a financial fortress

Create a contingency fund within the business for unforeseen events that hit your business's finances, says Porter. Many businesses get close to making it but can encounter one bad hit that sinks a great idea.

You'll also be wanting to build a wall around your personal financial situation. "Keep your personal and business finances apart," says Schonwetter.

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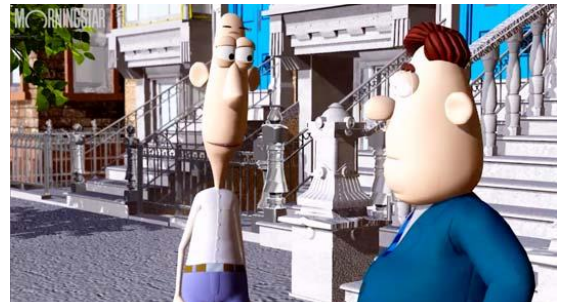
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