



# Business Pros and Cons

By Dr. Linda Hancock

## ABOUT THE AUTHOR

Dr. Hancock has written a regular weekly column entitled “All Psyched Up” for newspapers in two Canadian provinces for more than a dozen years. Over the years, her readers and clients have said that they have benefited from her common-sense solutions, wisdom, and sense of humour. Dr. Linda Hancock, the author of “Life is An Adventure...every step of the way” and “Open for Business Success” is a Registered Psychologist who has a private practice in Medicine Hat. She can be reached at 403-529-6877 or through email [office@drlindahancock.com](mailto:office@drlindahancock.com)

## Published

February 5th, 2018

So many people have a dream of having their own business. They focus on benefits that they could enjoy including freedom to choose schedule, pride of ownership and hopefully large profits.

Unfortunately, according to Innovation, Science and Economic Development in Canada as many as 97% of new start-ups with less than one hundred employees fail in the first year of operation. Only 85% survive for three years and 70% for five years. Approximately 7000 business bankruptcies occur in a year.

Even those who have years of university training and professional licences can struggle if they don't have good business sense. From the outside it might look like psychologists, dentists, lawyers, physicians and accountants have it made! The truth is that their fees do not go directly into their personal savings accounts.

If you think that costs for professional services and expertise are too high, consider the following:

1. Credentials - Besides registration fees, books and living expenses during the many years of university study, many practicums and supervised practice situations are unpaid. Obtaining a degree parchment and practice license don't just represent success. They also trigger repayment of what can be many thousands of dollars in Student Loans.
2. Yearly fees - Each year I pay almost \$3,000 to my regulatory bodies and insurance agent for licensing and professional liability coverage.
3. Facilities and Equipment - Those who begin a practice not only need to have office space but also appropriate furnishings and equipment for their trade.
4. Staffing - Look around your physician's office the next time that you have an appointment. How many families are receiving income from the doctor? Do they get paid if the doctor is on vacation or in training? How much is paid by the professional on their behalf for employee benefits?
5. Supervision - The more staff, the more time is needed for mentoring, meetings and system work.
6. Monthly expenses - Besides interest on any business loans, office rent or mortgage payments, and staff salaries, there are utility bills, office supplies, janitorial costs as well as technological costs to operate the office.
7. Professional development - Most licensing bodies require a set number of training hours each year to ensure that the professional has cutting edge skills and knowledge.
8. Accounting - Costs for Income Tax filing and government program requirements need to be completed by an expert who usually charges by the hour. Some professionals also have to wait for payments from companies or chase the cheque when clients don't pay cash. It doesn't take long until Accounts Receivables build up.
9. Taxes and Benefits - Unlike employees, professionals do not have paid sick leave, vacation time or sick time. If they don't work, they don't have income. They still, however, have to pay personal as well as income taxes.
10. Paperwork - Often what could be billable hours, are eaten up by paperwork, administration or other unpaid tasks.
11. Time - Do not be deceived. Starting and operating a business takes a lot of time. Most successful entrepreneurs work a lot of hours, many of which are never seen by the public. When you see someone on the golf course in the afternoon you might not realize that that same professional had been at the office until midnight the previous evening.
12. Accountability - You are the one responsible to ensure that ethical and appropriate services are provided to the public by all of the work done by you and your staff. When there is a problem, you are the one who needs to deal with it.

Over the years, I have worked in government, retail and private practice businesses and therefore know that no matter what career path you choose, there are pluses and minuses. If you are wanting to open a business, consider the above so you are not naïve and vulnerable.

When you access the services of a professional, look around and remember that the person in front of you will only be receiving a fraction of the fee that you are being charged. The rest goes to business expenses.