

Do You Want To Go Into

BUSINESS?

DO YOU WANT TO GO INTO BUSINESS?



ROVING ACADEMY

Gabay-negosyo sa pag-asenso

2015



BUREAU OF SMALL AND MEDIUM
ENTERPRISE DEVELOPMENT (BSMED)
6/F, Trade and Industry Building
361 Sen. Gil J. Puyat Avenue, Makati City, Philippines
Tel. Nos.: (632) 890.4968 | 897.7596 | 897.1693
Fax No.: (632) 896.7916
Email: bsmed@dti.gov.ph

www.dti.gov.ph

DO YOU WANT TO
GO INTO BUSINESS?

DO YOU WANT TO GO INTO BUSINESS?

CONTENTS

Why Go into Business	5
Rewards of Going into Business or Entrepreneurship	7
Risks of Going into Business or Entrepreneurship	9
Starting a Small Business: Process Flow	10
Looking Within	11
Looking Outside	14
Determining Product Line and Business Type	16
Types of Business According to Ownership	18
Writing a Business Plan	20
Raising Capital	25
Seeking Other Sources of Assistance	29
Locating Your Business	30
Registering Your Business	32
Hiring and Training Personnel	42
Getting Your Business Started	45



WHY GO INTO BUSINESS

Entrepreneurship is a way of life. Being entrepreneurial means being able to identify, start, and maintain a viable and profitable business, particularly a small enterprise.

People spend most of their lives working for someone else. Some people eventually rise to positions of wealth and power, while the rest languish in unchallenging and low-paying jobs. On the other hand, there are a select few who strike it out on their own rather than work for others. They put up their own enterprise.

You may ask: “Why should I risk my resources in an unpredictable business when I could hold a stable job with permanent tenure and an assurance of a regular monthly income without any risk?” In other words, why be an entrepreneur rather than an employee?

Having your own business has tremendous rewards, but be sure to weigh prospective returns against potential risks and losses.



REWARDS OF GOING INTO BUSINESS OR ENTREPRENEURSHIP

Having unlimited opportunity to make money

When you have your own business, you will most certainly have unlimited potential to earn money. How much money you earn depends on the time and effort you put into your enterprise. Successful entrepreneurs have earned their wealth and prestige through hard work and by having the right product for the right market at the right time.

Being your own boss

As manager of your business, you make the decisions for your enterprise and take full responsibility for these. The quality of these decisions will translate into either gain or loss for your business. Being your own boss means you are in control of your future. You have a better grasp of what you want to be.

Tapping your creativity

A business usually starts out as an idea. You will have the opportunity to harness this creativity and turn your idea into products and processes.

Overcoming challenges and finding fulfillment

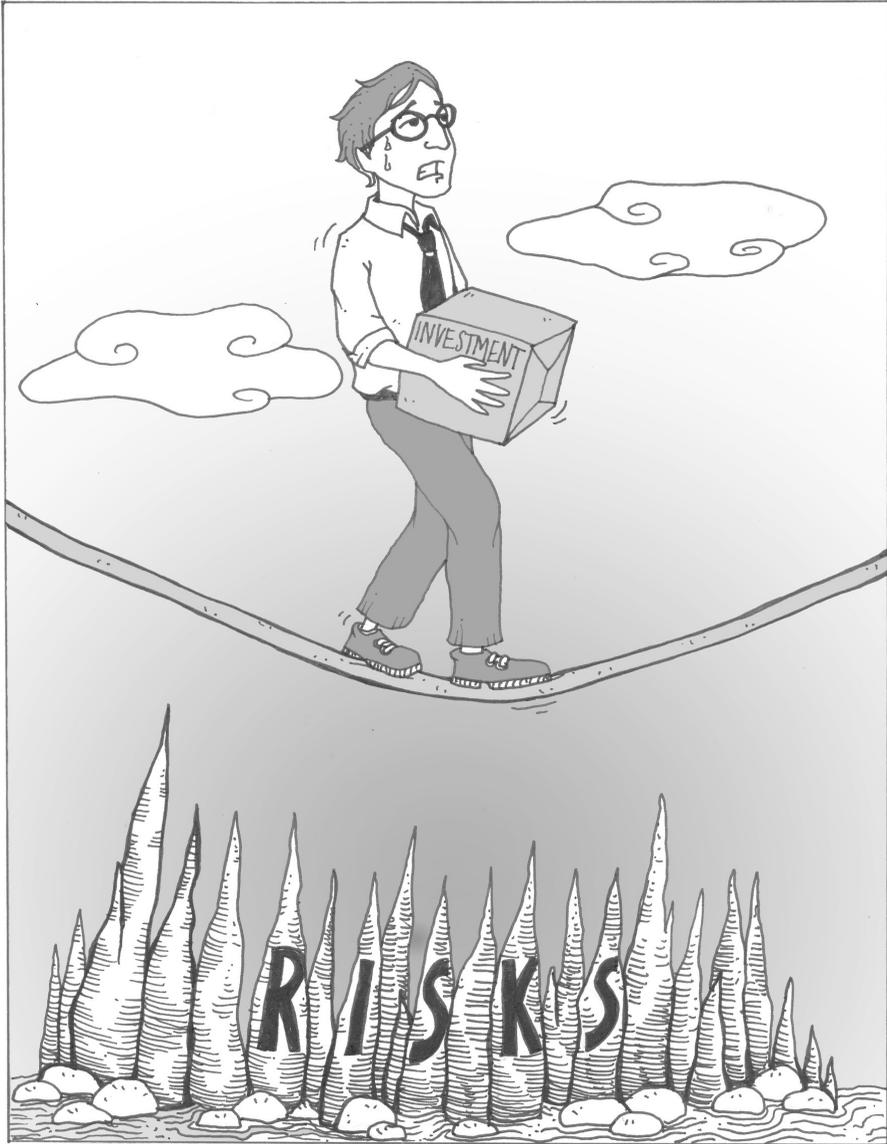
Starting a business is by itself an accomplishment. Running a business tests an entrepreneur's capability in securing and managing resources. How well a business turns out depends on the owner's ability to face challenges and overcome difficulties.

Helping others

In the process of running a business, an entrepreneur employs workers, and pays them income which improves their lives. An entrepreneur who succeeds and grows also helps suppliers, sub-contractors, dealers and other businesses connected to him succeed and grow too.

Building an entrepreneurial legacy

A business can be a lasting legacy to the family. It can ensure employment for some members of the family. It can create an enterprising culture than can be handed down through the generations.



RISKS OF GOING INTO BUSINESS OR ENTREPRENEURSHIP

Possibility of failure

There is always the possibility of failure – a single wrong business decision can bring a business to bankruptcy.

Unpredictable business conditions

A small business is vulnerable to sudden changes in the business environment. In a fast-paced industry, a small firm may not have the financial capability or the organizational capacity to respond adequately to new opportunities and their concomitant problems.

Long hours of work

A prospective entrepreneur must be ready to spend most if not all his waking hours in the business. Also, family time and personal affairs may be sacrificed.

Unwanted or unexpected responsibilities

The entrepreneur may eventually find himself saddled with management responsibilities he did not bargain for.

STARTING A SMALL ENTERPRISE: PROCESS FLOW

Look Within: Do you have what it takes?



Look outside: What are the helping/hindering factors?



Determine your product/service line and type of business



Write your business plan

- Marketing Aspects
- Technical (Production) Aspects
- Organizational Aspects
- Financial Aspects



Raise capital



Seek other sources of assistance if necessary



Choose your business location



Register your business



Hire/train personnel

LOOKING WITHIN

(SELF-ANALYSIS)

Do you have what it takes to go into business?

A successful entrepreneur possesses personal qualities that will help him grow and thrive his business. Extensive research by the Management Systems International reveals ten Personal Entrepreneurial Competencies (PECs) that lead to success. These are grouped into what are known as the Achievement Cluster, the Planning Cluster, and the Power Cluster.

Take a look at these competencies. Try to see if you have some of them and to what extent.



ACHIEVEMENT CLUSTER

1. **Opportunity-seeking**

- Perceives and acts on new business opportunities
- Seizes unusual opportunities to obtain financing, equipment, land, workspace or assistance.

2. **Persistence**

- Takes repeated or different actions to overcome obstacles
- Makes sacrifices or expends extraordinary effort to complete a task
- Sticks to own judgment in the face of opposition or disappointments

3. **Commitment to work contract**

- Accepts full responsibility for problems encountered
- Helps own employees to get the job done
- Seeks to satisfy the customer

4. Risk-taking

- Takes calculated or studied risks
- Prefers situations involving moderate risks

5. Demand for quality and efficiency

- Always strives to raise standards
- Aims for excellence
- Strives to do things better, faster, cheaper.

PLANNING CLUSTER

6. Goal-setting

- Sets clear and specific short-term objectives
- Sets clear long-term goals

7. Information-seeking

- Personally seeks information on clients, suppliers, and competitors
- Seeks experts for business or technical advice
- Uses contacts or networks to obtain information

8. Systematic planning and monitoring

- Develops logical, step-by-step plans to reach goals
- Looks into alternatives and weighs them
- Monitors progress and shifts to alternative strategies when necessary to achieve goals.

POWER CLUSTER

9. Persuasion and networking

- Employs deliberate strategies to influence or persuade others
- Uses business and personal contacts to accomplish objectives

10. Self-confidence

- Believes in self
- Expresses confidence in own ability to complete a difficult task or meet a challenge.

WHAT ELSE IS IN YOU THAT WILL ORIENT YOU TO BUSINESS?

While you are looking at yourself, consider what else is in you that will orient you towards a business. Think experience, education, hobbies and interests.

1. What previous jobs have you held that may help you succeed in business? Teachers, for example, start tutorial services or schools. Seamstresses go into garments and soft toys manufacture. Carpenters into sash making or contract work in construction.

2. Do you have a hobby that you can expand into a business? It can be interior designing, pottery, embroidery or baking.

3. Have you had technical training on which a business can be based? Perhaps you have taken up auto repair? computer assembly? bookkeeping? or welding/forging?

4. Are you genuinely interested in getting into a potentially risky business rather than a stable 8 to 5 job?

LOOKING OUTSIDE

After looking into yourself – your personal qualities, your interests, skills, experiences and hobbies and how these would orient you towards a business of your own, you may now look around. See if the environment is a conducive one for entrepreneurship.



Here are some questions to ask about the “outside world.”

1. How adequate is the infrastructure for business in your community, province or city? Are there enough provisions for basic requisites like roads and bridges, power and water, telephone, postal and internet facilities, as well as banking services?
2. Is the environment peaceful, safe and orderly? Investing hard-earned money is already a big risk. Operating in an unsafe environment makes it even more risky.
3. What are the incentives, assistance programs and other support that the national and local governments make available to business, especially to small, start-up businesses? Ask about tax exemptions and discounts, low-interest financing, technical assistance, marketing and promotional services, training, etc.
4. How prepared is the government bureaucracy to serve the needs of businessmen? Are civil servants courteous and service-oriented? Are procedures and requirements for business registration, for example, clear and simple?
5. Study national and local market trends, business growth and market share, purchasing power of the public, confidence in the economy.
6. Study imports. What goods does the country import from abroad? What goods and services does your particular community or town “import” from Manila and other big cities? Think whether you can provide these goods and services locally. This is known as “import substitution”.
7. Think of other possibilities: subcontracting, a promising way by which small firms can start supplying parts or services for bigger companies; public sector purchasing, which small businesses might explore because government offices are required by law to purchase supplies from local producers; and franchising, dubbed as the “business with the least fears”.

DETERMINING PRODUCT LINE AND BUSINESS TYPE

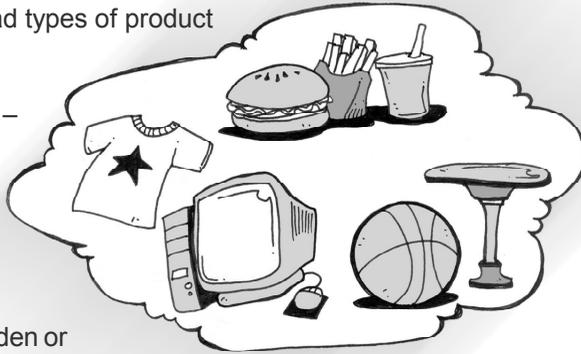
You can now focus on what specific type of product or service you want to sell. Some of the factors given for consideration will help you come up with a great idea for a product. What specific fields are you interested in? Can you apply your skills, hobbies or work experience to this field?

Below are the broad types of product and service lines:

1. **Product industries** –

You may choose to manufacture your own product, either for the mass market or for specialized or individual demands.

Canned goods, wooden or plastic toys, and ready-to-wear garments are examples of goods produced for the mass market, while precision instruments for industrial use, and made-to-order furniture are examples of specialized products.



- 2. Service industries** - You may choose to provide services. Service enterprises include repair and maintenance shops, printing and machine shops, and food retailing and catering establishments. Beauty parlors, dress and tailoring shops, recreation centers (bowling alleys, billiard halls, badminton courts) and entertainment businesses (theaters, videoke parlors, bars and pub houses) are also considered service businesses. The sunrise Information Technology (IT) industry is largely service. Think call centers, internet cafes, computer hardware and software shops, and business solutions programming companies.
- 3. Process industries** - You may decide to perform only one or two operations in the total manufacturing process. If so, you are not, strictly speaking, a “manufacturer” but rather a “process” enterprise. The activities you perform can be initial operations on raw materials (milling, corrugating, sawing or cutting), final operations (finishing, assembly, packing or binding), or skilled or precision operations (embroidery, testing, woodcarving).
- 4. Subcontracting industries** - If you choose to be a subcontractor, you will undertake subcontracting work for other enterprises, usually bigger ones. Big companies sometimes subcontract the manufacture of components, supplies or other specialized operations to smaller shops because the quantity required is not cost effective for their high-capacity operations. Many big companies also find subcontracting a cheaper and faster way to manufacture products. On the other hand, you, as subcontractor, are assured of a market for your products. You can probably avail of technical and financial assistance from your principal (the big firm), too. There is, however, a drawback to subcontracting: you may tend to rely on only one or two partner firms to stay in business.

TYPES OF BUSINESS ACCORDING TO OWNERSHIP

Would you want to run a business on your own, with a partner, or with more people? Weigh the odds:

FORMS OF BUSINESS	ADVANTAGES	DISADVANTAGES
<p>Single Proprietorship</p>	<ul style="list-style-type: none"> · Easy to set up · Decision making left entirely to owner 	<ul style="list-style-type: none"> · Demanding on owner's personal time · Growth limited by owner's financial means
<p>Partnership (at least two parties)</p>	<ul style="list-style-type: none"> · Relatively easy to set up · Check and balance maintained with two owners 	<ul style="list-style-type: none"> · Partnership may be endangered with conflicts between partners · A decision made by one partner is binding on all other partners · Generally, liability for debts incurred is unlimited

FORMS OF BUSINESS	ADVANTAGES	DISADVANTAGES
<p>Corporation (at least five parties)</p>	<ul style="list-style-type: none"> · You share the risks and losses with the other partners · Maximum flexibility for growth · Limited liability of individual shareholders · Greater room for professionalism in management 	<ul style="list-style-type: none"> · Complicated setting-up process · Individual stockholders may have limited influence on management · Tendency to institutionalize a bureaucracy
<p>Cooperative (association of persons)</p>	<ul style="list-style-type: none"> · Least likely to be dissolved · Limited liability · More people benefit from the business · Professional managers may be employed by the members 	<ul style="list-style-type: none"> · Shared control of the business · Consensual decision making

WRITING A BUSINESS PLAN

After you have made the preliminary decisions, you can start preparing a business plan. There is no such thing as an all-purpose business plan. You should write your business plan according to the unique factors and conditions of your enterprise.

The business plan has four main components: the marketing plan, the technical plan, the organizational plan and the financial plan.

The following guidelines may help you in writing your business plan:

INTRODUCTION

- 1. State your objectives.** This section, which precedes all business plans, tells your reader who you are, what your business goals are, and when you expect these goals to be accomplished. If your business has a track record of say, three years, then you can approach a bank and indicate how much you want to borrow and what you plan to do with the funds.
- 2. Describe the business.** This section gives background information on your business and how it is currently doing.

For a new business - Instead of a brief history, explain what the business will be, how the idea for your business was conceived, and how the business is expected to develop.

For an existing business - Provide the following information: business name, date and place of registration, date when operations began, brief history of the business, names of owners, partners or major investors.

THE MARKETING PLAN

- 3. Describe your products or services.** Give a detailed description of your products or services to give the reader a clear idea of what you are selling. Describe, as well, applications or uses of your products that may not be apparent.

This section of your plan is also for presenting the competitive advantages your product has over similar products as well as for identifying the products you will compete with. State your product's advantages and disadvantages.

- 4. Identify your potential market.** Determine who are your present or projected customers and how many. Be as specific as possible. Are you selling to bookstores? Grocery stores? Small ladies' boutiques? If you are selling to the general public, you may need to group potential customers according to age, gender, income, education and other demographic factors. You then ask yourself how you can make use of the information. If, for example, you know that your potential customers will likely be children aged three to ten, what does this tell you about your location? your advertising? your prices?

- 5. Identify your competitors.** Competition need not be a threat. Rather it should spur you to do your best. Learn as much as you can about your competitors. Include the following information in your plan:

- Description of competitors. Identify businesses likely to become your competitors.
- Size of competitors. Determine your competitors' assets and sales volume.
- Profitability of competitors. Which of your competitors are making money? Which are losing? By how much?
- Operating methods. Determine the operating methods of each of your major competitors in terms of pricing strategy; quality of products and services; servicing, warranties and packaging; methods of selling



and channels of distribution; credit terms; location; advertising and promotion; reputation; and, inventory levels. Discuss only the items relevant to your business.

6. **Consider your pricing policy.** In pricing your goods and services, all relevant factors should be considered, like cost of production and distribution and the degree of acceptance by the market. Another factor to account for is the pricing structure of your competitors. Of course, the aim of your pricing policy should be to set the price at a level that maximizes profit in the long run.
7. **Determine your marketing methods.** Selling a good product at a reasonable price is not enough. Your business plan must answer the following questions:
 - a. How will you promote or advertise your business?
 - b. How will you sell your product? Will you employ sales people? Will you have your own outlet? Will you engage marketing agents?
 - c. What channels of distribution will you use to reach your customers?
 - d. What do your customers think of your product? How can you improve your image as an enterprise?



THE TECHNICAL (PRODUCTION) PLAN

8. **Identify your material requirements and sources of supply.** List down what materials you will need and where you will get them. Include only direct materials and office supplies. Other indirect materials should not be included in the list.

Tabulate your material requirements. For each item, state how many suppliers there are, who your main supplier is, and why. Your readers will see that you have carefully thought out who your best suppliers will be.

- 9. Determine the process and equipment you will use to manufacture your product.** Give a detailed explanation of your production process. For each step, explain the work done, as well as the equipment and materials used. If you are presenting a complex process, include a diagram showing the work flow.

THE ORGANIZATIONAL PLAN

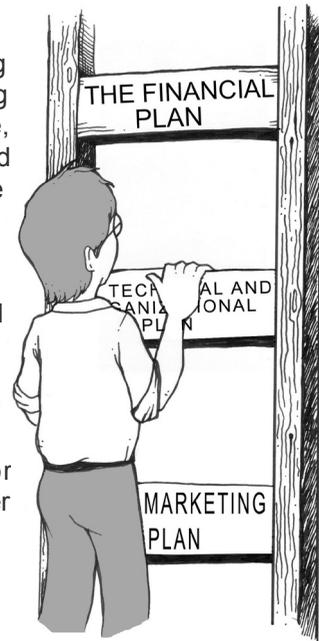
- 10. Determine your key personnel.** Identify the key people in your business, including you as owner and manager. If your business is a corporation, list the names and addresses of all directors. If your business is a partnership, list the names and addresses of all the partners.
- 11. Identify your work force and support personnel.** List down the skills and positions you need, the number of people for each position, and their corresponding salaries and wages.

THE FINANCIAL PLAN

- 12. Determine your financial requirements.** Prepare a forecast that outlines all your capital requirements. There are three: fixed capital, working capital and pre-operating capital.

Fixed capital includes cost of land and building or lease deposits on them; cost of improving the land or renovating the building; furniture, furnishings and fixtures; and machinery and equipment. These are usually one-time expenses, and will generally last the lifetime of the business.

Working capital is the reserve money you need to run the business until it becomes self-supporting. This may take from one to six months or even longer. You need working capital to purchase your raw materials, compensate your workers, and pay for transportation, telephone, electricity and water bills.



Pre-operating capital includes money you spend to register your business, acquire licenses for franchises, or pay a consultant or lawyer. This is money that you spend before your business begins to operate.

Be sure that no significant item is overlooked. Be realistic and do not underestimate your requirements. Provide for contingencies and a margin of safety to avoid cost overruns later.

- 13. Prepare a budget.** The budget should include marketing, production and general and administrative expenses. Marketing, which provides the revenues of the business, requires expenses in selling and distribution, storage, discounts, advertising and promotion. Production cost includes cost of materials and components, labor, and manufacturing overhead. General and administrative expenses include salaries of administrative staff as well as legal and accounting costs. Projections should be prepared every month during the first year of operations and every quarter for the second and third years.

At this point, you are ready to implement your plan. It is time to raise funds, register your business, find a suitable location, purchase equipment and supplies, hire and train people, and start operating. In other words, from here on, you put what you have written into action.

RAISING CAPITAL

Money with which to start and run your new small business can be raised in various ways.

Obviously, the money can come from your own pocket. This may be what you have saved for years. Or this may be proceeds from selling a car, a lot, jewelry or other prized personal belongings. Possibly, you have stock certificates or government bonds which you can readily convert into cash.



Using your own money is, of course, the safest way to finance a business. The next safest way is to borrow from close relatives and friends. You will have to pay them back, naturally, but they are usually prepared to be more flexible about when you repay them. Furthermore, you may also be able to get away with paying very low interest rates or none at all.

Sometimes, however, what can be raised from your personal resources and from relatives and friends are not enough to meet all the requirements of your business. Then you can start looking for outside sources.

EXTERNAL SOURCES OF CREDIT

You can consider the following sources of money:

1. **Pawnshops** - You can get quick cash by pawning jewelry and other valuables.
2. **Credit cooperatives** - These are a popular and easy source of credit especially in the rural areas. It may therefore be very useful for you, as entrepreneur, to join one. Usually a credit coop will lend an amount up to five times bigger than the money a member has deposited in it. Interest charges are often minimal.
3. **Money lenders** - These are people who lend quick money without collateral but charge exorbitant interest rates. They are otherwise known as “five-six” operators, because they usually charge about a peso interest per month for every five pesos they lend.
4. **Lending investors** - These are business enterprises engaged in money-lending operations. Considered a cross between money lenders and banks, lending investors extend short-term loans quickly to individuals and businesses with or without collateral. Interest rates are higher than bank rates but lower than those charged by money lenders – usually ranging from 3 to 5 per cent a month. Lending investors have proliferated all over the country and have become an important source of credit to small enterprises.
5. **Formal sources of credit** - These include banks, financial institutions and certain government development agencies and development-oriented non-government organizations. They are called formal sources of credit because they have the legal authority or mandate to lend money to individuals and businesses.

TYPES OF LOANS

There are various types of credit available from formal lending institutions.

1. **Short-term loans** - These are loans payable in one year or less. They are normally self-liquidating, meaning that they are used to buy raw materials and supplies, labor and other requirements that will generate funds for the business and in turn be used for paying back the loan. Collateral is usually required. However, a bank may extend a collateral-free loan, otherwise known as a clean loan to a client with an excellent credit track record.

Short-term loans may come in the form of a **revolving credit line** – an agreement by the bank to extend a loan, not to exceed a specific amount, whenever needed by the borrower. A credit line is automatically renewable, as each loan transaction is paid by the borrower. Commercial banks are the most commonly-used sources of short-term loans.

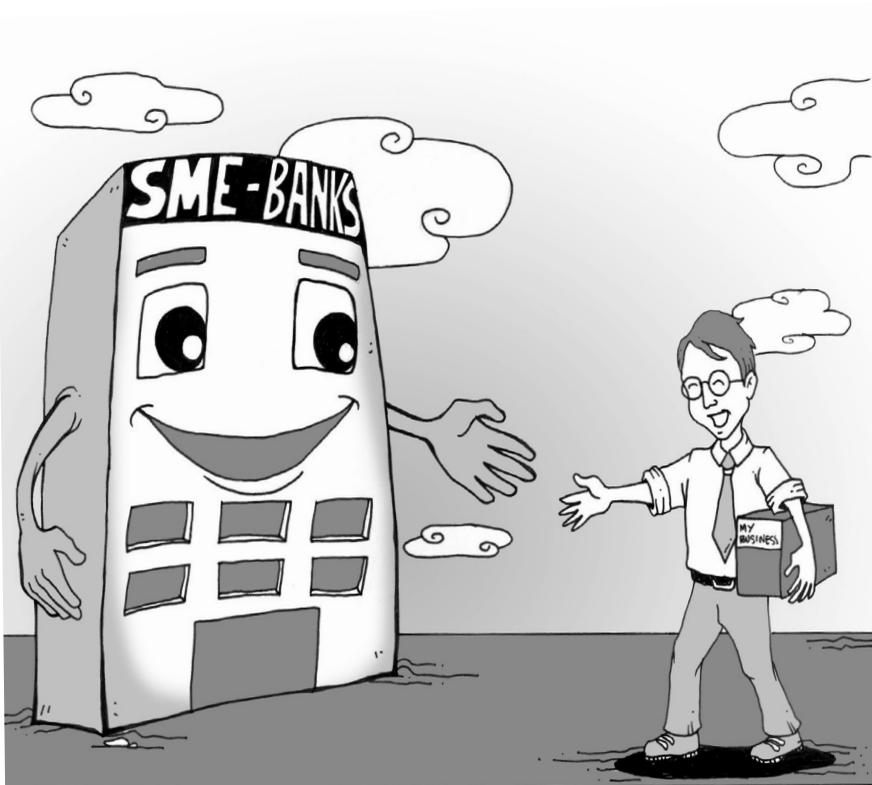
2. **Intermediate loans** – Otherwise known as term loans, these are loans that provide capital repayable in one to three years. These are available from banks and other financing institutions. For a start-up entrepreneur, term loans may be very useful. It is backed up by collateral securities and paid back in installments.
3. **Long-term loans** – These are extended only if the lending institution is assured that the borrowing enterprises would still be in business – and making a profit – over the long-term period of the loan which is up to ten years. Thus, to qualify, your business must be seen to be stable and sustainable. These are usually extended by private and government banks.

SME-FRIENDLY BANKS

Most banks lend to small business. But it is also true that some banks are more SME-friendly than others, given the well-known risks and transaction costs which SME lending is associated with.

There are banks that are considered “best for small business”. These are the Development Bank of the Philippines, the Land Bank of the Philippines, the Metropolitan Bank and Trust Company and the Planters Development Bank.

Other government institutions with specialized SME credit programs include the Department of Science and Technology and the Technology Resource Center with facilities for financing technology-oriented small business projects; the Philippine National Bank which implements the Pangkabuhayan Loan Program; and the Small Business Corporation which, aside from its loan guarantee program, implements its own small business lending facility.



SEEKING OTHER SOURCES OF ASSISTANCE

You might need help in writing your business plan, especially if you need a bank loan. Who do you approach?

The Department of Trade and Industry (DTI) has SME Counselors who may mentor you.

There may also be freelance consultants who can actually provide the service. Since they are in business for themselves and do not have big overhead expenses, they will tend to charge you lower than consulting firms. Try also extension offices of business schools. For example, in Baguio, there is the St. Louis University Extension Institute for Small-Scale Industries. Angeles University in Pampanga has also a similar extension unit. So does Notre Dame University in Cotabato. Or you can try talking with business professors – the business plan you need may be a good practicum subject especially for graduate students.

Possibly, you can find others who are in comparable products and markets with you with whom you can share the expense of a study.

If you need entrepreneurial training, get in touch with the Philippine Trade Training Center (PTTC) and the U.P. Institute for Small-Scale Industries. It has “start your own business” programs that will teach you about business identification, planning and pre-operationalizing.

Need technical training for your people? Technical Education Development Authority (TESDA), the Technology Resource Center (TRC) and some other units of the Department of Science and Technology (DOST).

If it is product design the DTI’s Product Development and Design Center of the Philippines (PDDCP) has designers who can help.



LOCATING YOUR BUSINESS

Finding a site for your business is crucial. In the retail business, your sales potential depends mainly on your location. Like a tree, a store draws its nourishment from the area around it. A storeowner is already half successful if he sets up shop in a good place.



Study the population in the trading area. Is the neighborhood starting to be run down? Is the population moving away? Is it new and on the way up? Assess the purchasing power of the population. Do they own cars? Do they live in nice homes?

Look at the competition. Are the stores doing well? Or barely getting by? How many went out of business in the area last year? How many stores opened? Identify which could be your biggest competitors. If you intend to put up a sporting goods store, for example, you may find it advantageous to locate your store near your competitors' because the combined appeal of two or more similar stores creates greater customer traffic.

Watch out for factors that might be detrimental to your business, such as smoke, dust, disagreeable odors and noises, proximity to garages, bars and pubhouses, hospitals, etc.

SOME GUIDELINES TO LOCATING YOUR BUSINESS

Having in mind the business you have chosen, look at a prospective site taking into account the following:

1. **Raw materials** - Are sources of raw materials you need for your business accessible to the site?
2. **Market** - How far are you from your target buyers?
3. **Transportation** - Consider cost of transporting raw materials and finished goods. Check the availability of public transport for your customers and employees.
4. **Labor** - Can you employ people living in the vicinity? Do they have the skills you need? Are they within commuting distance?
5. **Utilities** - Are light and water available? Are these reliable and adequate?
6. **Community** - How are the community's rules and regulations in relation to your business? Does the local government encourage certain types of business to set up in the area? Is it physically attractive? progressive? safe?
7. **Site** - If you need land, is a suitable lot available? For how much? Is it necessary to excavate or put in landfill? Is the land properly titled? If the site is within a building, what do you need in terms of lighting, airconditioning and parking? How long is the lease contract? Are the terms affordable and fair? How much will it take you to renovate the place?

REGISTERING YOUR BUSINESS

A new small enterprise has to be registered in various government agencies. The complexity of registration varies according to the legal form of the business. A single proprietorship is the easiest to register, while a corporation requires more elaborate procedures.

REGISTERING WITH THE DEPARTMENT OF TRADE AND INDUSTRY (DTI)

The DTI-NCR and DTI Provincial Offices nationwide administer the registration of business names.

If you are a single proprietor and your business is using a name other than your true name, that business name should be registered. By registering your business name with the DTI, you are assured that no other entity may legally use your business name anywhere in the Philippines.

Where to register:

A. Metro Manila Area

Area 1 Office (Manila, Parañaque, Pasay)

Mezzanine Floor, Roxas Strip Bldg., Roxas Blvd.,
corner Arnaiz Avenue, Pasay City
Telephone No. (632) 659.4203 / Telefax no. (632) 804.0307
Email: EmmaAsusano@dti.gov.ph

Area 2 Office (Makati, Pasig, Taguig, Muntinlupa Las Piñas, Pateros)

12/F, Trafalgar Plaza, 105 H.V. Dela Costa St. Salcedo Village,
Makati City
Telephone No. (632) 811.8234
Email: RowenaDomitiliaSanJose@dti.gov.ph

Area 3 Office (Mandaluyong, Quezon City, Marikina, San Juan)

3/F, Lux Center Bldg., EDSA
Mandaluyong City (Across Mega Mall)
Telephone No. (632) 570.3716 / Fax no. (632) 571.4751
Email: VictoriaMirafiorBabaran@dti.gov.ph

Area 4 Office (Caloocan, Malabon, Navotas, Valenzuela)

12/F, Trafalgar Plaza, 105 H.V. Dela Costa St. Salcedo Village,
Makati City

Telephone No. (632) 811.8367 / Fax no. (632) 811.8271

Email: RoseMarieBerte@dti.gov.ph

- B. For businesses located outside Metro Manila, you can register your Business Name at the DTI Provincial Office in the place where the business is located.
- C. For complete details and on-line registration, visit **www.bnrs.dti.gov.ph**

Steps for over-the-counter registration:

- A. Obtain application forms (duplicate copy) and fill these up completely. Only the owner of the business or his/her Attorney-in-Fact (who is authorized in a proper legal instrument) is authorized to sign all the forms.
- B. Meet the following requirements (For Single Proprietorship):
 - Must be a Filipino citizen, at least 18 years old.
 - Certain types of business may have other requirements such as service and repair shops, real estate brokers, dental/medical clinic/hospitals, pawnshops, manpower services, engineering/architectural services and other services provided by professionals once you start operating your business.
- C. Submit application form to the DTI Examiner. The DTI Examiner will check if the Business Name is still available, if yes, you will be asked to pay the application fee.
- D. Pay the required registration fee.
 - A penalty is imposed if the BN certificate is not renewed within the 3-month grace period from the certificate's expiration date.
- E. After showing the receipt to the Processor, the Business Name Certificate will be released.
- F. Your Business Name Certificate is valid for 5 years from date of registration.
- G. Registration fee for original or renewal will depend on territorial jurisdiction covered in the application.

Barangay	-	Php 200.00
City/Municipal	-	Php 500.00
Regional	-	Php 1,000.00
National	-	Php 2,000.00

REGISTERING WITH THE SECURITIES AND EXCHANGE COMMISSION (SEC)

The SEC is the government agency that gives the business enterprise its legal personality.

Partnerships and corporations need to be registered with the SEC. Single proprietorships need not register.

Register your business at:

Securities and Exchange Commission (SEC)

SEC Bldg., EDSA, Greenhills, Mandaluyong City

Tel. No. 584.0923 / Fax No. 584.5319 / Email: inquiry@sec.gov.ph

Requirement Documents for Applicant Corporation (Stock [S] and Non-Stock [NS]) and Partnership [P]

1. Name Verification Slip (S/NS/P)
2. Articles of Incorporation and By-Laws or Articles of Partnership (S/NS/P)
3. Treasurer's Affidavit/Authority to Verify Bank Account (S)
4. Bank Certificate of Deposit (notarized in place where bank is located) (S)
5. Written undertaking to Change Corporate Name by any Incorporator or Director, Trustee, Partner (S/NS/P)
6. Registration Data Sheet (S/NS/P)
7. Clearance from other government agencies (S/NS/P)
8. Resolution of the Board of Trustees that the corporation will comply with SEC requirements for non-stock corporations (NS)
9. List of members certified by the Secretary and undertaking to submit list of additional members to SEC from time to time (NS)
10. List of contributors and their corresponding contributions certified by the Treasurer (NS)
11. Affidavit of Affirmation or Verification by the Chief Priest, Minister, Rabbi or Presiding Elder (for religious organizations) (NS)
12. Customs Broker Licenses and PTR of at least 2 Officers or Partners (for custom brokerage) (NS/P)
13. Articles of Partnership (for limited Partnerships, this should be executed under oath) (P)
14. Foreign Investment Application Form (for subsidiaries of foreign corporation) (S)

Registration Procedures:

1. Verify/reserve proposed name with the Name Verification Unit
2. Draw up the Articles of Incorporation and By-Laws in accordance with the Corporation Code. Blank forms are also available from the SECCU.
3. If required, get endorsements from other government agencies.
4. Deposit paid-up capital/contribution (for foundations only) in the bank.
5. Present six (6) sets of the accomplished forms and documents for pre-processing at the CRMD. Only complete application documents are accepted for processing. All documents executed outside the Philippines must be authenticated by the appropriate Philippine Embassy or consulate in the area concerned.
6. Pay the filing fees to the Cashier.
7. Claim the Certificate/License from the Releasing Unit, Records Division upon presentation of the official receipt issued for payment of filing fee.

For complete details and online registration, visit **www.sec.gov.ph/secireg.htm**

REGISTERING WITH THE SOCIAL SECURITY SYSTEM (SSS)

An employer, or any person who uses the services of another person in business, trade, industry or any undertaking must be registered with the SSS. Social, civic, professional, charitable and other non-profit organizations, which hire the services of employees, are considered “employers”.

Register at:

Social Security System (SSS)

SSS Bldg., East Avenue, Diliman, Quezon City

Tel. Nos. 920.6401 / 920.6446 to 55

Email: member_relations@sss.gov.ph

Website: www.sss.gov.ph

Single Proprietorships

An owner of a single proprietorship business may accomplish and submit **SSS Forms R-1** (Employer’s Registration) and **R-1A** (Employment Report).

Partnerships

Any of the partners of a partnership firm should accomplish SSS Forms R-1 and R-1A and submit these forms together with a photocopy of the Articles of Partnership. The original copy of the Articles of Partnership must be presented for authentication.

Corporations

A corporation must accomplish SSS Forms R-1 and R-1A signed by its president or any of the corporate officers or incorporators. Submit these forms together with the photocopy of the Articles of Incorporation. The original copy of the Articles of Incorporation must be presented to the SSS for authentication.

For complete details and information, visit **www.sss.gov.ph**

REGISTERING WITH THE COOPERATIVE DEVELOPMENT AUTHORITY (CDA)

All cooperatives are required to register with the CDA as per Republic Act 6938/6939.

Register at:

Cooperative Development Authority (CDA)

Central Office, 827 Aurora Blvd., Service Road, Bgy. Immaculate

Concepcion, Cubao, Quezon City

Tel. Nos. (632) 725.5510 / 721.5325

Email: cdacentral@yahoo.com

Website: www.cda.gov.ph

Steps in setting up and registering a cooperative:

1. Must have at least 15 members.
2. Reserved proposed cooperative name.
3. Prepare a general statement called an economic survey.
4. Prepare the cooperative's by-laws.
5. Prepare the articles of cooperation.
6. Secure bond of accountable officers.
7. Execute Treasurer's Affidavit.
8. Complete the Pre-Membership Education Seminar (PMES)
9. Register cooperative with the CDA with the following documents in four copies: Economic Survey, Articles of Cooperation and By-Laws, Surety Bond of Accountable Officers, Treasurer's Affidavit, Approved Cooperative Name Registration Slip, Certification of PMES

For complete details and information, **visit www.cda.gov.ph**

REGISTERING WITH THE BUREAU OF INTERNAL REVENUE (BIR)

Every business enterprise has to register with the BIR for taxation purposes.

Register at:

Bureau of Internal Revenue (BIR)

BIR National Office Bldg., BIR Road, Diliman, Quezon City

Tel. Nos. (632) 981.7000 / 981.8888

Email: contact_us@cctr.bir.gov.ph

Website: www.bir.gov.ph

Requirements for Single Proprietorship:

1. Submit accomplished BIR Form 1901 to any BIR office where business is located together with the following: *Birth Certificate or any valid identification showing name, address and birth date; Mayors Permit or application for mayor's permit; DTI Certificate of Business Name; Payment for annual registration fee of P500.00; Payment for certification and documentary stamp tax.*

Requirements for Partnership and Corporation:

1. Submit accomplished BIR Form 1903 to any BIR office where business is located together with the following attachments: *Payment for annual registration; Payment for certification and documentary stamp tax; Articles of Incorporation; SEC Certificate of Registration or License to do business in the Philippines in case of resident foreign corporation.*

For complete details and information, visit www.bir.gov.ph

REGISTERING WITH THE DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE)

Business establishments with one or more employees are required to register with DOLE, the agency which monitors compliance with labor laws.

The Bureau of Local Employment administers the registration of establishments. To register, secure and fill up a registration form. Corporations are required to attach a photostat copy of the SEC Certificate of Registration.

Register at:

Department of Labor and Employment (DOLE)

Muralla St. cor. Gen. Luna St., Intramuros, 1002 Manila, Philippines

Tel. No. 908.2917 / 527.8000

Email: secrdb@dole.gov.ph

For complete details and information, visit www.dole.gov.ph

REGISTERING WITH THE LOCAL GOVERNMENT

All businesses, whatever the legal form, are required to secure a mayor's permit or municipal license from the city or municipality where they are located. Various cities and municipalities have different registration procedures, but the following steps prescribed in Quezon City would be typical:

1. Go to the Business Permit and Licensing Office of Quezon City Hall. Secure an application form from the Public Assistance Office.
2. Submit three copies of the form together with a simple sketch of your business location.
 - Support application with a Certificate of Business Name Registration from the DTI if you are using a firm name
 - A partnership or corporation must submit the corresponding Articles of Partnership or Incorporation duly registered with the SEC, together with a photostat copy of the Certificate of Registration with the SEC, and the current class "C" certificate in the case of corporations
3. Proceed to the City Treasurer's Office for any payments to be made. Present Mayor's Permit for issuance of the business license.

Note:

1. Business establishments are required to exhibit the mayor's permit conspicuously in the business establishment.

REGISTERING WITH OTHER AGENCIES

Depending on the type of products they manufacture or handle and on their market orientation, certain firms are required by law to register with other government agencies.

<p>Food and Drugs Administration (FDA) Civic Drive, Filinvest Corporate Center, Alabang, Muntinlupa City Tel. Nos. (632) 857.1900 Telefax No. (632) 807.0751 Email: info@fda.gov.ph Website: www.fda.gov.ph</p>	<p>For manufacturers of drugs, cosmetics, and food products</p>
<p>National Food Authority (NFA) Department of Agriculture North Avenue, Diliman, Quezon City Tel. Nos. 453.3900 / 981.3800 Fax No. 453.3900 Email: e-mailnfa@nfa.gov.ph Website: www.nfa.gov.ph</p>	<p>For rice, corn, and flour dealers</p>
<p>Fiber Industry Development Authority (FIDA) 7/F, Sunnymede IT Center Bldg. 1614 Quezon Avenue, Quezon City Tel. Nos. (632) 441.4606 Telefax No. (632) 441.4306 Email: fidoad@yahoo.com Website: www.fida.da.gov.ph</p>	<p>For processors and traders of fibers and fiber products</p>
<p>Bureau of Fisheries and Aquatic Resources (BFAR) Philippine Coconut Authority Bldg., Elliptical Road, Diliman, Quezon City Tel. Nos. 929.9597 / 929.8074 Email: info@bfar.da.gov.ph Website: www.bfar.da.gov.ph</p>	<p>For those engaged in the export of fish and fish products and other aquatic products</p>
<p>Bureau of Animal Industry (BAI) Visayas Avenue, Quezon City Tel. Nos. (632) 928.1778 / 928.2836 Fax No. (632) 926.6866 / 928.2177 Email: webmail@bai.da.gov.ph Website: www.bai.da.gov.ph</p>	<p>For exporters of animals and animal by-products</p>

<p>Bureau of Plant Industry (BPI) 692 San Andres St., Malate, Manila Tel. Nos. (632) 525.7857 / 525.7909 Fax No. (632) 521.7650 Email: cmbarron@ymail.com Website: www.bpi.da.gov.ph</p>	<p>For exporters of plant and plant products</p>
<p>Forest Management Bureau FMB Building, Visayas Ave. Diliman, Quezon City Tel. Nos. (632) 928.4788 / 928.9313 Fax No. (632) 928.0374 Email: fmb@denr.gov.ph Website: http://forestry.denr.gov.ph</p>	<p>For exporters of forest products (e.g., logs, lumber products, plywood etc.)</p>
<p>National Tobacco Administration NTA Bldg., Scout Reyes St., corner Panay Avenue, Quezon City Tel. Nos. (632) 374.3987 Fax No. (632) 374.2505 Email: mis@nta.gov.ph Website: http://nta.da.gov.ph</p>	<p>For those engaged in the production or export of flue-cured Virginia-type tobacco, Burley tobacco, and Turkish/Oriental tobacco products</p>
<p>Bureau of Philippines Standards (BPS) 3/F, Trade and Industry Bldg. 361 Sen. Gil Puyat Ave., Makati City Tel. Nos. (632) 751.470 Fax No. (632) 751.4706 Email: bps@dti.gov.ph Website: www.bps.dti.gov.ph</p>	<p>For commodity clearance for producers, manufacturers or exporters (Their products will be tested to ensure that they meet established standards.)</p>
<p>Intellectual Property Philippines (IP Philippines) 28 Upper Mckinley Road, Mckinley Hill Town Center, Fort Bonifacio, Taguig City Tel. No. 238.6300 to 65 Telefax No. 752.4869 Email: mail@ipophil.gov.ph Website: www.ipophil.gov.ph</p>	<p>For firms wishing to register patents and trademarks</p>

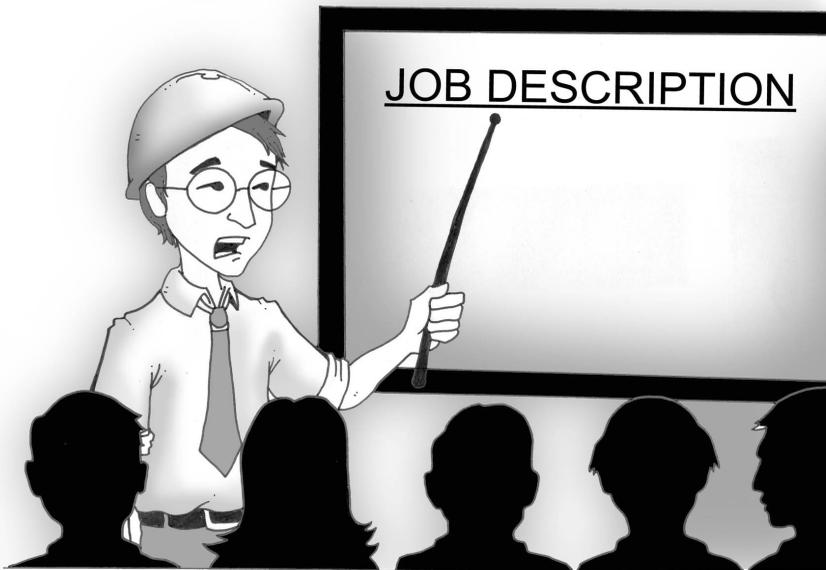
<p>DTI - Fair Trade Enforcement Bureau (FTEB) 2/F, Trade and Industry Bldg. 361 Sen. Gil Puyat Ave. Makati City Tel. Nos. (632) 751.3288 / 897.7384 Fax No. (632) 890.4949 Email: FTEB@dti.gov.ph Website: www.dti.gov.ph</p>	<p>For enterprises engaged directly or indirectly in the servicing, repair or maintenance of vehicles, engines and engineering works, electrical components, electronics, air-conditioning and refrigeration, office machines and data processing equipment, medical and dental equipment. Technical personnel, (e.g., mechanics or technicians) are also within the scope of the FTEB.</p>
---	---

HIRING AND TRAINING PERSONNEL

Even if you're running a very small operation, you cannot expect to do everything yourself. As manager, you must see to it that you have the right employees, and that you train them well, and motivate them to do their very best at work.

If you want to be a good employer, the first step is to know the rights of workers. These are:

Equal work opportunities for all. Male and female employees are entitled to equal compensation as well as equal access to promotion and training opportunities. It is unlawful to discriminate against female employees. It is also unlawful to hire a woman on condition that she should not get married, or to stipulate expressly or tacitly that a woman employee shall be deemed dismissed if she gets married.



Security of tenure. Every employee shall be assured security of tenure. No employee can be dismissed from work except for a just or authorized cause, and only after due process.



Work days and hours. Work day refers to any day during which an employee is regularly required to work. Hours of work refer to the time an employee renders actual work, or is required to be on duty or to be at a prescribed workplace. The normal hours of work in a day is eight hours. This includes breaks or rest periods of less than one hour, but excludes meal periods, which shall not be less than one hour.



Wage and wage-related benefits. Wage is the amount paid to an employee in exchange for a task, piece of work, or service rendered to an employer. This includes overtime, night differential, rest day, holiday and 13th month pay. It also includes the fair and reasonable value of board, lodging, and other facilities customarily furnished by the employer.



Safe working conditions. Employers must provide workers with every kind of on-the-job protection against injury, sickness, or death through safe and healthful working conditions.



Rest days and holidays. Rest day refers to any rest period of not less than 24 consecutive hours after not more than six consecutive work days. Holidays or special days are classified as such by law or declared by competent public authority, regardless of whether it falls on an employee's work or rest day.

THREE TYPES OF LEAVES

1. **Service Incentive Leave (SIL)** - an employee is entitled to a five-day leave with pay after one year of service.
2. **Maternity Leave** - This is the leave granted on the occasion of childbirth, abortion, or miscarriage of a female member of the SSS who has paid at least three monthly contributions within the 12-month period immediately preceding her childbirth or miscarriage.
3. **Paternity Leave** - a male employee can go on leave for seven days with full pay when his legitimate spouse gives birth or suffers a miscarriage.



Right to self-organization and collective bargaining. Every worker has a right to self-organization, i.e., form or join a legitimate worker's organization, association, or union of his choice free from interference from the employer or from the government. Except for those classified as managerial or confidential, all employees may form or join unions for purposes of collective bargaining and other legitimate concerted activities. An employee is eligible for membership in an appropriate union on the first day of his or her employment.

Workers' participation in tripartite activities. Workers have a right to participate in policy and decision-making processes in matters directly affecting them. They have a right to take part in tripartite activities with government and employers' organizations. Through their organizations, workers are entitled to representation in tripartite decision-making functions as defined by law, including fixing of wages and resolution of labor disputes.

GETTING YOUR BUSINESS STARTED

Now you can start your business. Remember that being an entrepreneur also means you have a social responsibility to your employees and to the community you serve. This means that you must pay decent wages, give your customers their money's worth, and compete fairly in the market.

Keep in mind that business is uncertain. Not everything will go according to plan. When the unexpected happens, don't blame other people, the government, a poor business environment, or bad luck. Successful entrepreneurs learn from their failures. Once you have made up your mind, have laid down your plans, and are determined to face the challenges ahead, you are ready to join the ranks.

Welcome to the world of business!



References

- Agbayani, Agueda. *Commercial Laws of the Philippines*. Philippines: AFA Publications, Inc., 1987.
- Almonte, Crispina and Co, Myrna. *How to Register Your Business*. Philippines: Small Business Guides, SERDEF, 1987.
- Co, Myrna. "Advertising for Small Businessmen." *Small Business Entrepreneurs*, April-June 1985.
- Code of Commerce of the Philippines.
- Crispino, Aquilles. *Managing the Financial Aspects of the Enterprise: Introduction to Entrepreneurship*. Manila, Philippines: EDCEL, PACSB, SERDEF, UP-ISSI, 1986.
- Department of Trade and Industry, Bureau of Export Trade Promotion. *Philippine Exporter's Manual*. Vol. 3. Makati, Philippines: 1998.
- Department of Trade and Industry, Bureau of Small and Medium Business Development. *Laws and Regulations Affecting SMEs: The Laws in Brief*. Makati, Philippines: 1988.
- Department of Trade and Industry website: (accessed 2015)
<http://www.bnrs.dti.gov.ph>
<http://www.bps.dti.gov.ph>
- Employers Confederation of the Philippines and International Labor Organization. *Improve Your Business Handbook and Workbook*. Manila, Philippines: 1985.
- Fiber Development Authority. FIDA Administrative Order No. 1.
- Ministry of Industry, Technical Services Division. *Compilation of Registration and Licensing Procedures and Requirements*. Philippines: 1980.
- Philippine Jaycee Senate and UP Institute for Small-Scale Industries. *How to Start and Manage a Small Enterprise*. Manila, Philippines: Mozar Press, Inc., 1981.
- Punzalan, Josefina, et al. *Fundamentals of Accounting*. Philippines: University of the East Publications, 1965.
- Ramirez, Efren. *Philippine Laws on Business Organization*. Cebu, Philippines Cornejo & Sons, Inc., 1980.
- Santos, Emmanuel. *Philippine Business Laws*. Manila, Philippines: 1989.

Small Enterprise Research and Development Foundation. *Operating Manual on Laws and Regulations Affecting Small-Medium Industries for Government Extension Workers*. Manila, Philippines: 1980.

Small Enterprise Research and Development Foundation and UP-ISSI. *You, Too, Can Start Your Own Business*. Quezon City, Philippines: 1988

SEC, SSS, BIR, CDA, DOLE, Websites (accessed 2015)

<http://www.sec.gov.ph>

<http://www.da.gov.ph> (BPI, BAI, BFAR, FIDA)

<http://www.sss.gov.ph>

<http://www.ipophil.gov.ph>

<http://www.bir.gov.ph>

<http://forestry.denr.gov.ph>

<http://www.cda.gov.ph>

<http://www.dole.gov.ph>

Stegall, Donald, et. al. *Managing the Small Business*. Illinois: Richard E. Irwin, Inc., 1976.

Sterne, George. *How To Start Making Money in a Business of Your Own: George Sterne Profit Ideas*. California: 1984.

Tate, Curtis Jr., et. al. *Producing Your Product or Services: Successful Small Business Management*. Texas: Business Publications, Inc., 1978.

Technonet Asia. *Entrepreneur's Handbook*. Singapore, 1987.

U.S. Small Business Administration, Management Aids No. 4019.