



RU RMT 26 · GOOD BUSINESS PRACTICES

LECTURE 07 · FOUNDATIONS OF BUSINESS PRACTICE

Career Pathways II: The Entrepreneurial Path

Deciding whether to build your own practice — and the structures, capital, premises and legal requirements it takes.

Block A — Foundations of Business Practice

Day 4 · Session 1

Ruhani College · Registered Massage Therapy Diploma Program · Brampton, Ontario

9 Days · 63 Hours · 7 Hours per Day | Aligned with FOMTRAC Inter-Jurisdictional Practice Competencies, CMTO Standards of Practice and CMTCA accreditation standards



Where This Lecture Fits

The third pathway, and the one that requires everything in Block A at once.

Lecture 6 covered employment and independent contracting. Lecture 7 covers the third route: building and owning a massage therapy practice.

The lecture has two halves. The first is the decision itself — what entrepreneurship actually demands, the realities of self-employment, the traits and self-care required, and the purpose that anchors a practice. The second is the mechanics: choosing a business structure, acquiring capital, selecting premises and equipment, projecting finances, meeting registration and legal requirements, and handling sales tax.

This closes Block A. Block B then turns to digital literacy, and Block C to the specific technology a massage therapy business runs on. Lecture 18 assembles all of it into the completed business plan.



Learning Outcomes

By the end of this lecture you will be able to:

- Describe what entrepreneurship demands and assess the realities of self-employment honestly.
- Distinguish the entrepreneur from the independent contractor in control, clientele, risk and responsibility.
- Identify the traits, habits and self-care practices that sustain a practice owner.
- Compare sole proprietorship, partnership and incorporation, and state the implications of each.
- Identify sources of startup capital and build a realistic startup cost estimate.
- Evaluate premises and equipment decisions against cost, location and regulatory requirements.
- List the registration, insurance and legal requirements for opening a practice in Ontario.
- Explain the sales tax position and the record-keeping obligations that follow.



Standards and Competency Alignment

Competency and regulatory basis

- **FOMTRAC (2016):** business planning and practice management are entry-to-practice competencies.
- **CMTO Standards of Practice:** apply in full to a practice owner, who is also responsible for the conduct of the practice environment.
- **PHIPA, 2004:** an owner is normally the health information custodian and carries the full obligations.
- **Canada Revenue Agency:** business registration, income reporting, GST/HST, and payroll if you hire.
- **Ontario Business Registry; municipal zoning and licensing; AODA; OHSA** where you employ staff.

Why this matters in practice

- Over half of small businesses close within five years, most commonly through inexperience rather than lack of skill.
- An owner's obligations extend beyond their own conduct to the environment, records and staff of the practice.
- Capital decisions made in month one determine whether the practice survives a slow month in year two.
- Regulatory and municipal requirements are cheapest to satisfy before you sign a lease, not after.



What We Will Cover Today

- The entrepreneurial decision: passion, risk and reality
- Entrepreneur versus independent contractor
- The realities: failure rates, multiple roles, financial instability
- What it takes: traits, discipline and self-care
- Purpose and mission as the anchor of a practice
- Business structures: sole proprietorship, partnership, incorporation
- Capital: startup costs and where funding comes from
- Premises, location and equipment
- Financial projections and the break-even calculation
- Registration, insurance and legal requirements
- Sales tax and record-keeping obligations



Vocabulary for This Lecture

- **Entrepreneur** — a self-employed person who builds and owns a business serving clients directly.
- **Partnership** — a business owned by two or more people under a partnership agreement.
- **Limited liability** — protection of personal assets from business debts, available through incorporation.
- **Startup capital** — the money required to open before revenue begins.
- **Sole proprietorship** — an unincorporated business owned by one person; no legal separation from the owner.
- **Corporation** — a separate legal entity; limits liability and changes the tax treatment.
- **Business name registration** — registering an operating name with the Ontario Business Registry.
- **Working capital** — funds available to cover operating costs while revenue builds.



Vocabulary for This Lecture

- **Fixed cost** — a cost that does not change with treatment volume, such as rent.
- **Break-even point** — the treatment volume at which revenue exactly covers all costs.
- **Zoning** — municipal rules governing what activity may occur at an address.
- **Professional liability insurance** — coverage against claims arising from professional practice.
- **Variable cost** — a cost that rises with volume, such as linens and laundry.
- **Cash flow** — the timing of money in and out; distinct from profit.
- **Commercial lease** — a binding agreement for business premises; terms differ sharply from residential.
- **Small supplier threshold** — the CRA revenue level above which GST/HST registration is required.



Career Choice: Entrepreneur

Starting a business usually begins with a passion. Sustaining one requires a great deal more.

Entrepreneurs move from an idea to a reality, driven by creativity and a desire to bring something of their own to the market. In massage therapy the impulse is usually about control: over how you practise, whom you treat, what you charge, and how you spend your day.

The counterweight is that over half of small businesses fail within their first five years, largely through lack of experience rather than lack of skill or effort. This makes deliberate planning, and honest assessment of what you do not yet know, the single most protective factor available.

Entrepreneurship offers freedom and flexibility, and demands a strong constitution and a willingness to take risk. It is not a better choice than employment or contracting. It is a different one, with a different profile of reward and exposure.



Independent Contractor Versus Entrepreneur

Independent contractor

- Self-employed, working principally for businesses.
- Revenue comes from contracts with companies.
- Limited control over the client business's vision and direction.
- Clients are typically other businesses.
- May work for several companies simultaneously.
- Usually works solo; rarely manages staff.
- Lower startup costs and lower risk.

Entrepreneur

- Self-employed, working principally for individuals.
- Revenue comes from services provided directly to clients.
- Full control over vision, policies, pricing and direction.
- Clients are primarily individuals seeking personal services.
- Responsible for hiring, managing and paying staff if the practice grows.
- Carries the broader business responsibilities: premises, marketing, compliance, cash flow.
- Higher startup costs, higher risk, higher ceiling.



The Realities of Self-Employment

None of these are reasons not to proceed. They are reasons to proceed with a plan.

- Over half of small businesses fail within five years, most often through inexperience rather than a flawed idea.
- You will juggle multiple roles simultaneously: clinician, receptionist, marketer, bookkeeper, cleaner, IT support and manager. The hands-on hours are the smaller part of the week at first.
- Working hours are long and irregular, particularly in the first year, and much of the work is unpaid.
- Financial instability is normal early. Securing steady revenue and managing cash flow are the central challenges, not finding clients on any single day.
- There is no paid sick leave, no vacation pay, no employer-funded disability coverage, and no colleague to cover a shift.
- Isolation is a genuine and under-recognised risk; build peer contact deliberately.
- The regulatory obligations expand: as owner you are typically the health information custodian and are responsible for the practice environment.
- The upside is real: full control, unlimited ceiling, an asset you can build, and work shaped entirely around your own values.



Why Small Practices Actually Close

The causes are consistent, well documented, and largely avoidable.

- Undercapitalisation. The practice was viable but ran out of cash before reaching break-even. This is the single most common cause.
- Confusing profit with cash flow. Revenue booked but not yet collected does not pay rent.
- Fixed costs set too high at the start — usually premises — leaving no room for a slow quarter.
- No marketing after the launch, so the client pipeline emptied once the opening interest faded.
- Owner injury or illness with no contingency, no disability coverage and no one to cover the schedule.
- Poor record keeping, producing tax problems, disallowed expenses or a compliance failure.
- Pricing set from discomfort rather than from costs, so volume could never make the numbers work.
- Isolation and burnout: the owner stopped wanting to do it long before the numbers failed.



What Success Requires

Disposition

- **Self-motivation.** Essential to drive the business forward during difficult periods when nobody else will.
- **Versatility.** A willingness to perform many tasks well outside your core clinical work.
- **Flexibility.** Adapting the schedule and the offering to client needs and market changes.
- **Tolerance of uncertainty.** Income varies; the ability to hold a plan through a slow month is decisive.

Discipline

- **Goal-setting.** Specific, dated goals maintain focus and make progress measurable.
- **Effective planning.** Ensures resources are used efficiently and future risks are anticipated.
- **Fiscal responsibility.** Managing cash flow, reducing debt and protecting profitability.
- **Record discipline.** Bookkeeping, charting and compliance done on schedule rather than when convenient.

Self-care

- A healthy diet and adequate sleep sustain the energy the work demands.
- Regular exercise reduces stress and maintains the physical capacity the income depends on.
- Regular massage relieves tension and reinforces the credibility of what you recommend.
- Protected non-working time, scheduled before the calendar fills.
- Peer and professional support, deliberately arranged.
- Self-care in a solo practice is capital maintenance, not indulgence.



Purpose and Mission as the Anchor

The practices that survive difficult periods are the ones that know what they are for.

In Lecture 4 you drafted foundational values, a vision and a mission. For an owner these stop being an exercise. They become the decision rule for every question that follows: whether to add evening hours, whether to take on a discipline you do not believe in, whether to accept a partner, whether to raise fees.

A clear purpose also solves the marketing problem. A practice that knows precisely who it serves and what it does can write copy, choose a location, and select services without guessing. A practice that is 'for everyone' cannot.

Write the mission before you sign anything. Then test each subsequent decision against it. Decisions that contradict the mission are the ones that later feel like the point where things went wrong.



Choosing a Business Structure

	Sole proprietorship	Partnership	Corporation
Setup	Simplest and cheapest; register a business name if not using your own	Register; a written partnership agreement is essential	Articles of incorporation; ongoing filings
Legal status	Not separate from the owner	Not separate from the partners	A separate legal entity
Liability	Personal assets exposed to business debts	Partners may be liable for each other's acts	Limited, though professional liability is unaffected
Tax	Business income reported on the owner's personal return	Each partner reports their share	Corporate return; owner paid by salary or dividend
Cost to maintain	Low	Low to moderate	Higher: accounting, filings, legal
Best suited to	A solo practice starting out	Two or more owners sharing premises and risk	A practice with staff, higher income, or asset protection needs

This is a general comparison for planning. Take specific advice from an accountant and a lawyer before deciding; the right structure depends on your income, assets and growth plans.



Startup Costs and Funding

What you will need to fund

- Table, stool, bolsters, hydrotherapy equipment, linens and initial supplies.
- First and last month's rent plus a security deposit; leasehold improvements.
- Signage, furniture and reception setup.
- Practice-management software, a website and a domain.
- Professional liability and contents insurance; CMTO fees; association dues.
- Business registration and any municipal licences.
- Initial marketing: photography, print, launch advertising.
- Working capital — the reserve that covers costs until you reach break-even. This is the item most often omitted.

Where funding comes from

- **Personal savings.** The most common and the cheapest source; no interest and no covenants.
- **A business loan or line of credit.** Requires a business plan and a credit history — the reason Lecture 2 matters here.
- **Family or private lending.** Put the terms in writing regardless of the relationship.
- **Equipment financing or leasing.** Preserves cash but costs more over the term.
- **Small business grants and programs.** Availability varies; check federal, provincial and municipal programs current at the time.
- **Bootstrapping.** Starting within an existing clinic or by renting a room, and growing into premises later. Slow, and the lowest risk.



An Illustrative Startup Estimate

One-time costs

- Table, stool, bolsters and linens
- Furniture, storage and reception setup
- Leasehold improvements and signage
- First and last month's rent plus deposit
- Website, domain, photography and initial print
- Business registration and legal review of the lease
- Initial supplies and retail stock if any

Recurring monthly costs

- Rent and utilities
- Professional liability and contents insurance
- Practice-management software subscription
- Phone, internet and card processing fees
- Laundry and consumables
- Marketing and advertising
- Accounting or bookkeeping
- CMTO fees and association dues, apportioned monthly
- Your own draw — include it or the projection is fiction



Premises, Location and Equipment

Location is the most expensive decision to reverse. Verify before you commit.

- **Zoning.** Confirm with the municipality that a health practice is permitted at the address, including any home-based option. Do this before signing.
- **Accessibility.** Entrance, washroom, corridor width and table access. Consider AODA obligations and the clients you would otherwise exclude.
- **Access and visibility.** Parking, transit, safety after dark, and whether clients can find the entrance. Visibility matters less than convenience for a returning client base.
- **The lease.** Commercial leases differ fundamentally from residential ones — term, renewal, rent escalation, repair obligations, restoration on exit, and personal guarantees. Have a lawyer review it.
- **Sound and privacy.** Test what can be heard between rooms and from reception before committing.
- **Equipment.** Buy the table well; it is the one item where quality directly affects your body and your career length. Defer everything that does not generate revenue.
- **Utilities and infrastructure.** Heating and cooling, hot water, laundry capacity, internet reliability — the last of these matters more than expected once your booking and records are cloud-based.
- **Growth.** Consider whether the space can hold a second room if the practice grows, and what that would cost.



Building the Financial Projection

01 List every fixed monthly cost

Rent, insurance, software, phone and internet, CMTO fees and dues apportioned monthly, loan payments, accounting. These are incurred whether you treat anyone or not.

02 Calculate the variable cost per treatment

Laundry, oils and consumables, card processing fees. Usually a small figure, but it must be in the model.

03 Set your fee

Based on local market research, your positioning and your costs — not on what feels comfortable to charge.

04 Calculate break-even

Fixed costs divided by (fee minus variable cost per treatment). That is the monthly treatment volume at which you earn nothing but lose nothing.

05 Add your own income

Break-even that excludes paying yourself is a fiction. Add your required monthly draw to fixed costs and recalculate.

06 Project cash flow month by month for 24 months

With a realistic utilisation ramp — low in months one to six, building thereafter. The lowest point of that curve tells you the working capital you need.

07 Test the downside

What happens at 30% below your projection? If the answer is closure in month four, you need more capital or lower fixed costs before you open.



Profit Is Not Cash Flow

A practice can be profitable on paper and still fail to make rent in March.

Profit is revenue minus expenses over a period. Cash flow is the actual timing of money entering and leaving the account. They diverge whenever payment is delayed — insurance claims awaiting adjudication, corporate clients on thirty-day terms, prepaid packages consumed months after purchase.

The practical consequence is that your projection must be built month by month, on the dates money actually moves, not on the dates services are delivered. A January that looks strong on the appointment book can be a January that cannot cover payroll if the insurer pays in February.

Two habits protect you: invoice and claim immediately rather than in batches, and hold a working capital reserve sized to the longest payment delay you are exposed to. Lecture 16 covers the systems that make both routine.



Registration, Insurance and Legal Requirements

Work through this list before opening, not after.

- CMTO registration in good standing, and a current certificate of registration.
- Professional liability insurance appropriate to your practice model, including any off-site or mobile work.
- Business name registration through the Ontario Business Registry if you operate under a name other than your own.
- A CRA business number, and the tax accounts you require — GST/HST if registered, and payroll if you employ anyone.
- Municipal zoning confirmation and any business licence the municipality requires.
- Commercial general liability and contents insurance for the premises.
- PHIPA compliance: a privacy notice, a written privacy policy, secure storage, retention and disposal procedures, and a named contact person. Lecture 14 covers this in detail.
- OHSA obligations, WSIB coverage and payroll compliance if you hire employees.
- AODA obligations relevant to your size and setting.
- Written contracts for any contractor or employee, and a records-custody arrangement stated in each.



Additional Obligations Once You Employ Anyone

Hiring your first employee changes your obligations substantially. Plan for it before you advertise.

- Register a payroll account with the CRA and remit source deductions on schedule.
- Comply with the Employment Standards Act: wages, hours, overtime, public holidays, vacation, leaves and termination notice.
- Obtain WSIB coverage where required, and understand your reporting obligations.
- Meet Occupational Health and Safety Act duties: policies, training, hazard reporting, and workplace violence and harassment programs.
- Provide written employment agreements and a written policy manual.
- Ensure any RMT you employ holds current registration and liability coverage; verify it on the CMTO public register and re-verify annually.
- Clarify in writing who is the health information custodian for clients treated by your staff.
- Take advice before the first hire. The cost of an hour with an employment lawyer is far below the cost of a wrongful dismissal claim.



Sales Tax and Record Keeping

The GST/HST position for massage therapy has specific rules. Confirm the current treatment rather than assuming.

The tax treatment of massage therapy services in Canada has been the subject of legislative change, and the position for RMTs is specific rather than general. Do not rely on what a colleague did five years ago, and do not rely on recollection. Confirm the current requirement directly with the Canada Revenue Agency or with an accountant familiar with regulated health professionals before you set your fees.

Whatever the outcome, the record-keeping obligation is the same: you must be able to substantiate every dollar of revenue and every deduction claimed. That means numbered receipts, complete invoices, retained supplier receipts, a mileage log, and monthly reconciliation against the bank statement.

Retail products, gift certificates and any non-treatment services may be treated differently from treatment fees. Establish the position for each revenue line before you begin selling it. Lecture 16 covers the bookkeeping systems that make this manageable.



Before You Open: A Final Check

If you cannot answer all of these, you are not ready to sign a lease.

- What is my break-even treatment volume, and by which month do I expect to reach it?
- How many months of fixed costs plus personal expenses do I have in reserve?
- Is the address zoned for a health practice, and have I confirmed that in writing?
- Has a lawyer reviewed the lease, and do I understand the exit terms and any personal guarantee?
- Am I the health information custodian, and do I have the storage, retention and disposal procedures in place?
- Is my insurance in force, and does it cover everything I actually intend to do?
- What is my plan if I am unable to work for six weeks?
- Who reviews my numbers with me, and how often?
- What is the specific decision that would tell me this is not working, and what would I do then?



Setting Up the Financial Infrastructure

01 Register the business and obtain a CRA business number

Then add the specific tax accounts you need — GST/HST if you are registered, payroll if you hire.

02 Open the business bank account and card

Per Lecture 2. Nothing personal passes through them, and nothing business passes through your personal account.

03 Choose bookkeeping software and set up the chart of accounts

Before the first transaction, not after a year of receipts in a shoebox. Lecture 16 covers the options.

04 Connect the bank feed and the practice-management system

So revenue flows into the books without manual re-entry. Lecture 13 covers the integrations.

05 Establish the tax set-aside routine

A fixed percentage of every deposit moved on the day it arrives.

06 Engage an accountant before year one ends

Not in the week before the filing deadline. The advice is worth most while decisions are still reversible.

07 Diarise every deadline

Filing dates, instalments, remittances, insurance renewals, CMTD fees and lease dates, all in the calendar with reminders.



Activity: Build a Startup Budget and Break-Even

Pairs. Allow 35 minutes. Use a spreadsheet or paper; you will rebuild this in Excel in Lecture 9.

Step 1 (15 minutes). Build a startup cost estimate for a solo practice: table and equipment, linens, initial supplies, first and last month's rent plus deposit, signage, insurance, CMTO fees, business registration, practice-management software, website, initial marketing, and a working capital reserve. Research real figures where you can; label every estimate as an estimate.

Step 2 (10 minutes). Separate monthly costs into fixed and variable. Then calculate the break-even point: fixed costs divided by (fee per treatment minus variable cost per treatment). That is the number of treatments per month at which you cover your costs and earn nothing.

Step 3 (10 minutes). Convert break-even into treatments per week, then into a required utilisation rate against your planned availability. Discuss: is that rate achievable in month one? In month six? What does the answer say about how much working capital you need?

Most pairs find break-even is higher than expected and reached later than expected. That gap is the most useful output of the exercise.



Taking This Into Your Living Business Plan

Add or revise the following sections of your plan after this lecture:

- Section 33 — Business structure decision, with the reasoning and the point at which you would revisit incorporation.
- Section 34 — Startup cost estimate, itemised, with each figure marked as researched or estimated.
- Section 35 — Funding plan: sources, amounts, and what happens if a source does not materialise.
- Section 36 — Premises criteria: location, size, zoning, accessibility, parking, transit, and the maximum rent you can support.
- Section 37 — Equipment list with costs, and what is bought new, used or deferred.
- Section 38 — Financial projection: monthly fixed and variable costs, break-even volume, and a 24-month cash flow.
- Section 39 — Compliance checklist: registration, insurance, zoning, licensing, tax accounts, and PHIPA obligations.
- Section 40 — Contingency plan: illness, injury, a slow quarter, and a landlord who does not renew.



Common Errors and Examination Focus

- Underestimating the time to reach break-even, and therefore the working capital required.
- Signing a commercial lease without legal review. Commercial leases contain obligations residential tenants never encounter.
- Opening at an address without confirming zoning permits a health practice.
- Confusing profit with cash flow. A profitable practice can still fail to make rent in a given month.
- Incorporating reflexively because it sounds professional, without costing the accounting and filing obligations.
- Omitting the owner's own income from the projection, making the business look viable when it is not.
- Buying equipment before establishing the client base that justifies it.
- Failing to monitor the GST/HST small supplier threshold, and discovering the obligation retroactively.
- Building a practice with no contingency for the owner being unable to work.



Self-Test Questions

Answer these before completing the worksheet for this lecture. They are ungraded and will be reviewed in class.

1. Distinguish an entrepreneur from an independent contractor across control, clientele, staffing, risk and startup cost.
2. A solo practice has fixed costs of \$2,800 per month, a fee of \$105 and variable costs of \$8 per treatment. Calculate the break-even volume, and then recalculate it if the owner requires a \$3,500 monthly draw.
3. Compare sole proprietorship and incorporation on liability, tax treatment and cost to maintain. What circumstances would move you toward incorporating?
4. List six things you would verify about premises before signing a commercial lease, and say why each matters.
5. Name eight registration, insurance or compliance requirements to complete before opening a practice in Ontario.



Key Takeaways

- Entrepreneurship offers full control and an unlimited ceiling in exchange for full risk and every unpaid role.
- Over half of small businesses fail within five years, most often through inexperience — which planning directly addresses.
- The entrepreneur serves individuals and controls the vision; the contractor serves businesses and controls only their own method.
- Success depends on self-motivation, versatility, planning, fiscal discipline and genuine self-care.
- Structure choice — sole proprietorship, partnership or corporation — affects liability, tax and cost; take advice before deciding.
- Working capital is the most commonly omitted startup cost and the most common reason viable practices close.
- Break-even must include the owner's own income, or the projection is fiction.
- Verify zoning, review the lease legally, and complete the compliance checklist before you commit to premises.



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