

Business Bullet ~
Starting a Business ~ Can You Work with Yourself?
Suddenly finding yourself as an Entrepreneur. (PART 1 of 2)

Many people have found that suddenly they are without a job within a recessionary economy. Perhaps most of them have always wanted to own their own business, and now is the chance for them to do just that. If you find that is where you are, then there are a variety of places you can search for online, in business magazines, talking to others who have been successful on their entrepreneurial paths, the Small Business Administration, etc. Of course, you can't find all the answers from these sources to how to become an entrepreneur, but you can find some guidance. What you need to realize is, that when you make the decision to become an entrepreneur, you will be working mostly by yourself, with yourself, and for yourself.

It's a little like Origami, the Japanese art of folding paper. If someone is beside you guiding you from fold to fold, or if you have an instruction manual, you can follow along fold by fold until you have made a crane, a table, or something else. But, if that person is not there for you to follow, or the instruction manual is not there, you can't remember how to do it. That's because you haven't learned the rationale behind why you make certain folds to have certain effects. This Origami example I know from recent experience.

So, what's the first step? Take a good look at yourself, ask yourself if you can actually work with yourself. The REAL place to start is YOU. You see an entrepreneur is not just an entrepreneur, but also the janitor (I cleaned the bathroom in my office for the first year), the accountant (and I didn't always listen to myself), the manager (of the office system and the people), etc. And in each role, we need to sometimes butt heads with ourselves to make decisions. Because you see, with each role, your approach to your business is from a different angle. It's important to know why we do what we do before we can consciously change and adapt so that we can be more effective both personally and professionally. Then, as we put on a different hat in our business, we can be objective in our decision-making. So, let's look at this objectively, and help you walk through the process of preparing yourself to be an entrepreneur. Before we do that, take a good look in the mirror and ask yourself, "Who am I and what do I really want to do?"

1) Who are you and what do you know?

So, start with a Skills and Interests Inventory. Begin a soul-searching process to determine which business is right for you. You will definitely have an advantage with a business that's a spin-off of your background or experience. You can also enjoy success in an area where you have strong interest yet lack experience, though you may need to qualify yourself through entrepreneurial training or professional certification programs.

Jot down the skills that already exist in your talent bank. What do you like to do with your time? What technical skills have you learned or developed? Do you have hobbies or interests that are marketable? It might help to create a personal resume that lists your professional and personal experiences as well as your expertise. For each job you list, describe the duties you were responsible for and how successful you were at each. Be sure to include professional skills, educational background, hobbies and accomplishments that required expertise or special knowledge.

Don't forget the personality factor. Are you outgoing and friendly or do you prefer to keep to yourself? Do you like working indoors or outdoors? Do you enjoy working with the general public or with a few close clients? Do you love working 24/7 on an exciting project, or do you enjoy your downtime as much as your work time? Every business has its own personality, and your own personality should be a complement to the one you finally choose.

Then, seek out others in businesses similar to the ones you're considering and talk with them about the traits and temperaments needed to be successful. Find out what they really like about the businesses they're running and also what they don't like. Compare their responses with your own interests and personality to see if there's a fit. Don't stop searching until you find an idea that couples your love for the work with your marketable talents.

2) Do some research and evaluate your business idea.

Many entrepreneurs had a great idea, but failed or floundered because they either hadn't done the proper research to evaluate that idea to uncover any potholes in their thinking. Ask yourself these questions:

- What problem does my product or service solve?
- Who will buy my product or service?
- Why will they buy it?
- Where will they buy it—specialty shops, department stores, mail order, online?
- What do I need to change to make a healthy profit and will people actually pay that?
- What products or services will mine be competing with?

No business can be all things to all people. To find out if your business idea has a chance of succeeding in the marketplace and to help you create an effective marketing plan, you'll need to do more than just answer the questions listed on Page 1. You'll also need to conduct more formal market research. Generally, you'll need to collect information on three crucial aspects of your business: industry information, target market and your competition. Dig up trends, statistics, surveys and other data from government sources as well as industry associations.

3) Calculate your costs.

It's critical to determine how much cash you'll need to open and operate your business before you hang out your shingle. You'll need more capital to cover all expenses until you reach the break-even point. Many experts recommend new companies start out with enough money to cover projected expenses for at least six months. Create a checklist of anticipated expenditures, such as:

- List the equipment, furniture, supplies and people needed to operate your business.
- Itemize startup costs for inventory, signage, sales and marketing literature or tools, research and product development, licenses, permits, operating capital, and legal or professional fees.
- Calculate your monthly overhead for rent, supplies, utilities, business and health insurance, taxes, Internet access, shipping and other services.
- Factor in your salary and employee or contractor wages.

Refer to industry-specific startup books and resources for additional costs that may apply to your respective business type. A good rule of thumb is to assume everything will cost more than you expect, so pad your numbers in order to create a safety net. Tally and double-check the numbers before you begin writing your business plan and searching for startup funds.

4) Write your business plan.

Put it all on paper, don't just carry your 'plan' around in your head. A business plan's value goes beyond its ability to help secure a loan package for you. It is a working document that helps you prepare for opportunities as well as difficulties. A business plan doesn't ensure success, but it will help you avoid some common causes of business failure, such as undercapitalization or lack of an adequate market. You'll find weak spots in your business idea that you'll be able to repair. You'll also discover areas with potential you may not have thought about before—and ways to profit from them.

There are three primary parts to a business plan. The first is the business concept, where you discuss the industry, your business structure, your product or service and how you plan to make your business a success. The second is the marketplace section, in which you describe and analyze potential customers: who and where they are, what makes them buy and so on. You'll also describe your competition and how you'll position yourself to beat it. Finally, financial section contains your income and cash flow statement, balance sheet and other financial ratios, such as break-even analysis. This part may require help from your accountant and a good spreadsheet software program.

Writing a plan forces you to think through every aspect of your venture. Only by putting together a business plan can you decide whether you should proceed with your idea or look for a new one. And it will help you make the decision of what your comfort zones are both personally and professionally. Remember, you will be wearing all the hats, and you will need to be able to work with yourself to make the business successful.

5) Identify sources of startup financing.

Once you've decided on the type of venture you want to start, the next step on your new business road is figuring out where the money will come from to fund it? Where do you start?

Many entrepreneurs self-finance their businesses through personal savings, credit cards, second mortgages, or loans from friends and family. You may also be able to match your qualifications with a microloan: Private and SBA-backed agencies make loans from a few hundred dollars to \$25,000. You can find a local microlender through the SBA's website (www.sba.gov) There are also niche or specialty loans from national lending institutions, especially if you will be a woman owned, minority owned or small business.

You can also look for seed venture or angel funding. Both look for great ideas that can translate into highly profitable businesses. They'll want a large equity stake (25% to 40% or more), so this process can take significant time to arrange, and you would need a formal written business plan. Poll your leading business owners, trade group members, industrial associations or chamber of commerce activities in your local business community in your search. Whatever your funding source, remember to incur any debts in moderation. You will make better business decisions when you're not under the pressure of heavy debt.

6) Choose a business structure and name your new business.

Probably one of the most important decisions you will be making is the type of legal structure you select for your company. Your structure can make a big difference in how you pay taxes (how much and how often), raise money, handle lawsuits, or dissolve or pass on the business. Will you operate as a sole proprietorship, partnership, corporation, S corporation or limited liability company? Each of these business forms comes with different tax consequences, so make your selection wisely and choose the structure that most closely matches your business needs. Seek advice from a professional on how to pick the structure that will best manage your liabilities.

Also important in the success of your business is the right name for your new venture. The right name can make your company the talk of the town; the wrong one can doom it to obscurity and failure. Put as much into naming your business as you did into coming up with your idea and writing your business plan. An effective name will establish your marketplace presence, convey what you do, and create a memorable impression. Thumb through phone books, DBA filings, directories and the Trademark Register of the United States to research names already in use or similar to yours. Conduct a free trademark search at the U.S. Patent and Trademark Office site (www.uspto.gov).

Enlisting the help of a trademark attorney or at least a trademark search firm before you decide on a name is highly advisable. The extra money you spend now could save you countless hassles and expenses down the road. And once you've made a decision, determine if your chosen name has an available domain name for your future Website, and reserve it. Even if you won't be selling products online, a Website is crucial these days for marketing purposes.

Start by thinking through these steps, and even begin your action of becoming an entrepreneur. Next month, in **Part 2** of this **Business Bullet**, I will give you the rest of the steps, along with some tips and techniques I've learned and shared with others about one of the biggest reasons why people fail in business and how to avoid it. Stay tuned.

Information provided for you by ~

Marilyn K. Dayton, Business/Marketing Specialist

<http://www.marketingandbizpro.com> ~ marilyn@marketingandbizpro.com

860-389-2521

