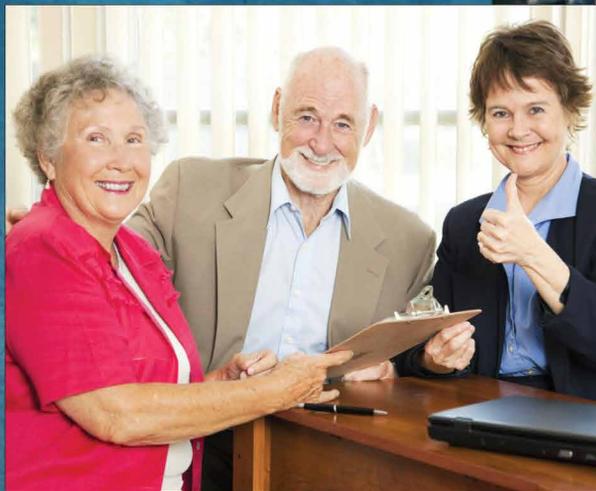


START RIGHT:

Build Your Own Business



Start Right: Build Your Own Business
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About the Authors

Jeannine Lecy is the president and CEO of Egan Enterprises, Inc. Ms. Lecy's passion is giving small businesses, and those who dream of opening businesses, the tools and guidance they need to succeed. Ms. Lecy is a consultant who has worked with more than **650** small businesses over the past 20 years. In addition, she is an organizational expert who created, manufactured, and distributes "*peel, stick n' drop office in a box*"[®] and is a QuickBooks[®] professional advisor. Since 2000, Ms. Lecy has also consulted as a fraud detection investigator and a fraud prevention expert. She assists the police, states attorneys, and the attorneys general. Ms. Lecy has dedicated her life to helping small business owners grow their businesses.

The American Center for Credit Education (ACCE) is a nonprofit, accredited organization whose mission is to make national standardized credit and financial education available to all consumers. ACCE produces, publishes, and distributes a variety of financial education products, both in textbook and online format, in English and Spanish. ACCE's products include *CheckWise*, *Credit When Credit is Due*, *Money in Motion*, *Money & Faith in Motion* and *Make Your Move*. ACCE's financial education programs have reached over one million consumers.

Introduction

America is built on small businesses. Many people have ideas they believe can grow into businesses. Then, they typically think about going into business for themselves at least 12 times before they either give up on their dream or get the courage to take the leap. You're probably somewhere in the midst of those 12 times, trying to determine if and how to move ahead.

It takes passion and enthusiasm to start a business. But it also takes a tremendous amount of hard work, risk, and knowhow. The more you prepare yourself before going into business, the greater chance of your success.

The enthusiasm is the easy part. It's fun to imagine being your own boss, setting your own hours and pay and taking credit for your successes. You can look around and see business owners who enjoy success. They're the ones driving a new work truck, traveling for pleasure, buying a new house or paying for their child's education.

What is tougher is grasping the reality of being a business owner. Some people are successful at turning their ideas into good businesses, but others are not. But, by educating yourself about starting a business and believing in your abilities and your dream, you are more likely to be one of people whose dream of a business becomes reality.

The purpose of *Start Right: Build Your Own Business* is to prepare you for what to expect, and to give you as much practical information as possible so that you can start and manage a viable business. *Start Right* guides you step by step through the process of turning your idea into a successful business. The information you will find here is useful whether you are crafting children's clothing, running a bed and breakfast, starting your own design firm, setting up a medical practice, opening a retail store or starting any other kind of small business.

In each chapter, you'll read true stories about business owners' experiences that can give you real-life insights about running a business. You will also answer questions and complete activities, and sometimes you may find yourself working on activities from more than one chapter at a time. These will all prepare you for the exciting challenge of running your own small business.

“As a prospective business owner, you are getting ready to begin the most rewarding and demanding journey of your life.”

Jeannine Lecy, president of Egan Enterprises, Inc.

Chapter 1

Laying the Groundwork for a Strong, Successful Business

You have an idea for a new business. You desire to be your own boss; in fact, you are passionate about it. You know in your heart that your business idea could work, and when you close your eyes, you clearly imagine yourself running your own business.

You envision the building where you are located. You see yourself inside the door. Your sign hangs above the entrance. You see customers walking in and out of the building and calling you on the phone. You imagine yourself greeting customers, and seeing their satisfied smiles. You see yourself talking with your employees. You see the color of the paint on the walls and the carpet or linoleum on the floor. You see your inventory on the shelves. You hear the hustle and bustle of staff and customers. You see yourself signing checks and reviewing your financial statements. Your business is doing well. And best of all, you are getting paid to do what you love. You imagine how much you will love going to work at your business every single day. It's a thrill, because you know you are doing what you are meant to do.

Pursuing your dream of your own business is a risky, rewarding adventure. Mark was a talented craftsman working for someone else in a service business. One day, a customer complimented Mark on how skilled he was and told him he should start his own business. At first, he was scared. Mark didn't know how his boss would feel if he opened his own business. Mark wasn't sure he would even have any customers.

So he researched the work involved in starting a business — the work you will learn about in this book. Then, with his wife's encouragement, Mark opened his own business. He made sure his business was known for quality craftsmanship and excellent customer service, and his business grew. Eventually, his business did so well that he was able to buy a building for it — and then a bigger building. Within a few years, Mark and his wife also bought a house.

Mark succeeded because he did not let fear stop him, and because he learned as much as he could about starting a business so that he was well prepared. He was determined to pursue a business doing something he loved, and he succeeded.

Maybe Mark's story makes your heart beat faster. You can envision yourself running a business, and your emotions are running high — fear, excitement, hope, anxiety. Hundreds of questions seem to be swirling through your mind. Could you really start or buy a business? What do you do first? How do you know if you are ready? Who do you contact? How do you take your idea and transform it into a successful business?

Starting a business or buying an existing business is a rewarding journey that demands your time, talents and resources. As you begin planning your business, you need to gather as much information as possible. Your research will equip you to build your business successfully. Starting a business is hard work — more than you can imagine — but this book will explain the practical steps you need to take. Above all, you need to believe in yourself and your dream. Confidence in yourself and

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determination to achieve your dream will motivate you to persevere and see your ideas become a real, viable business. Your passion for owning your own business will help you accomplish all the details as you turn your vision for your business into a reality.

Starting a business is demanding work, but it's also extremely gratifying. Each day is a baby step — then, before you know it, you are off and running. The journey will be satisfying and then, as your business opens and grows, along comes the fun.

Write a Mission Statement

Before you begin the work of starting a business, picture the end result. Why do you want to run a business? What do you believe the benefits will be when you are a small business owner? How will you know when your business is a success?

Write a mission statement that defines what you hope to achieve with your small business. A sentence or two describing what you what to do is enough. Let these brief mission statements inspire you to begin describing the type of business you want to run.

I will be the most sought-after and successful photographer in the city.

I will own a successful medical practice that helps people improve their health.

I will use my baking skills to sell the best cookies in the nation online.

I will provide quality legal services for individuals who need good representation.

I will own an auto dealership that sells the most cars in the city and provides the most reliable auto repair.

My company will design buildings that beautify the city.

My company will provide quality remodeling services that help homeowners increase the values of their homes in their neighborhoods.

I will own the most successful restaurant in the state.

I will provide the best quality child care services for children ages birth to 12 years old.

My retail shop will have sales that top all other retailers in the city.

I will be the most successful Realtor in the city with sales topping \$5 million.



As you are creating a mission statement, consider what success means to you. Will you consider yourself a success when you are making enough money to support yourself and your family? Will you feel like you have succeeded when you earn enough money to break even but are able to do what you love? Will success mean that you are able to open a profitable part-time business doing something you enjoy?

Success might not have a price tag. Will you feel successful when you have a business that helps others, or makes others happy in some way? Or is success, to you, an attitude you want to convey each day at your business? For example, George,

a financial expert, defines success like this: “Success usually follows doing what’s right for your customers, not doing what’s right for you.”

Your mission statement can and will evolve as your business grows. Change or modify your mission statement as you need to so it continually reflects your goals. Keep your mission statement in a place where you can read it often, such as on a wall or bulletin board in your office. Let it remind you of your dreams, goals and your vision for your future business.

You may face many challenges as you start or buy a business. Your mission statement will remind you of your goals, and it can be a tool to help you keep your momentum and stay committed to starting your own business. The one trait every successful business owner shares is passion. Throughout this process, let your mission statement remind you that you are passionate about what you are doing.

Research is Essential to Your Success

In the early stages, research is important whether you start your own business or purchase an existing business. While there are similarities in starting or purchasing an existing business, there are also a number of differences. In Chapter 2, you will find more specific questions you’ll need to ask before you buy an existing business.



You can learn about the type of business you want to start by:

- Conducting online searches about businesses similar to the one you want to open.
- Going to the library to find books about the type of business you want to.
- Subscribing to relevant trade magazines.
- Talking to people who are already in the type of business you want to run.

Make note of the way similar businesses are advertising their products and services. What makes one company more successful than another? You want to gather as much data as possible about how this type of business operates throughout the country. Next, narrow your search and become familiar with similar businesses in your area. Who else is already doing something like you want to do? Visit each of these businesses in person.

- How many businesses similar to yours are there in your area?
-

- Is there a need for the business you want to open?
-

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- If there is a need or unfilled niche, is there a demand in your community to support a full-time business like the one you want to open?
-

- What product or services do your potential competitors provide?
-

- How is the product or service priced?
-

- If they sell a product or products, how are they displayed?
-

- If they sell a service, how competent do they appear?
-

- Is the business busy or slow? If busy, what are people buying?
-

- What happens when you walk into the building — are you greeted or ignored?
-

- Is the business clean or dirty, maintained or worn out?
-

- Is this how you would want your business to appear?
-

- What type of payment do they accept? Cash, checks, credit?
-

- Do they discount their prices?
-

- What would you change?
-

If you want to open your own fabric store, for example, you need to know how many other fabric stores are already in business in your area. What types of fabric do they carry? What is the average price per yard? What other products does the store sell? How many employees work there? How do you feel when you're in the store? Is there enough selection, or so many fabrics that you feel overwhelmed? Do they keep up with current trends? What do you like about the business, and what would you do differently?

If you plan to start a web-based business, you can take a similar approach by looking closely at how others operate. Read the information contained on their home pages. What is the tone of the language on the sites? How are the sites organized? Look at pricing for products and services. If available, read online reviews of the products or services. Are the web sites easy to navigate? Can you purchase items on the web sites? If so, how are payments processed? Do they charge extra for shipping? How long does it take for your order to ship? What would make the web sites better? How easy was it for you to find their web site?

If you're planning to start a business in the same field in which you are working right now, your research should start with a review of your employment records. You need to know if you have signed a non-compete agreement with your current employer.

A non-compete agreement can take different forms, but it will usually state that you will not start or work for a business that competes with the business you worked for during a specified period of time. Without risking your current employment, find out if you can get a copy of any non-compete agreement you signed. There may be a copy in your employer's personnel policies. If you have signed a non-compete agreement, be sure you find out how long the agreement is in effect and what geographic region it covers.

Even if you have not signed a non-compete clause, as a current or former employee, you cannot take client lists or trade secrets from that business, either while you are working there or after you have left. You also may not send your employer's clients information about your new business while you are still working for your employer.

If you have signed a non-compete agreement, take a copy to a lawyer for review. You need to know if your former boss could stop your business before you invest your time and money in starting a new venture. The last thing you need when you start a business is to be tied up in any legal situation that could financially devastate you personally and professionally.

Damon is a computer expert who was trained to use software for the computer company where he worked. When the company's management changed, Damon decided he would open a business training others to use computer software. He invested a great deal of time and money into building his business and then started promoting his business to his previous employer's clients. Damon's previous employer sued him. Because he had invested all his money in his business, Damon did not have enough money to pay an attorney to defend his business. Damon ended up closing his business, losing the money he invested, and filing for bankruptcy. With some research and advice, Damon could have avoided such a tremendous loss.

Take Notes

Observing how businesses work is just one part of the process. You will need to create a system for recording this information so that it is available to review later. You will have a lot of information rolling around in your mind. Thoughts will come to you when you're driving down the road, making dinner, or lying in bed. You'll probably catch yourself thinking, "That's a good idea. I'll have to remember that for later." Unfortunately, you probably won't remember your ideas unless you stop and write them down right away.

Keeping track of your questions and ideas is worth your time. Make careful notes that you will understand when you review them later. Use a system that is easy for you, such as keeping a journal. If you make digital notes, such as texting yourself or sending yourself voicemails, be sure to keep a file of your digital notes as well, or be sure to transfer them to your journal. Organize and store your notes and ideas so you can refer to them later. Develop the habit of keeping your notes and paperwork organized; that skill will help you throughout the process of setting up and running your business.

It Takes Initiative and Passion

The future success of your new business or a business you want to buy will depend on your initiative and your willingness to be dedicated, devoted and work hard now. You have to be self-driven and prepared to put in long hours, often at night and on weekends. You also have to be ready to make sacrifices so that you can invest in the future of your business. This may mean cutting back on little luxuries — magazines, eating out, drinks with friends — so you can devote this money to your business. Or you might need to take a second job to raise funds, put a hobby on hold, or sell an extra vehicle.

Initiative and passion go hand in hand. When you love what you do, your clients and customers will recognize the pride you take in your work. When you're passionate about your business, you'll also be willing to do whatever is necessary — even if this means scrubbing the toilet or taking out the garbage. Your passion will help keep you going when you encounter difficulties and setbacks.

But don't be intimidated by the thought of the work ahead. Envision your business' building, signs, customers, employees — and imagine the satisfied feeling of taking your first deposit to the bank. Be confident, smile and you can make this journey a fun one.

Have a Willingness to Learn What You Don't Know

When you start your own business, you must handle various tasks — all at the same time. You will stretch yourself beyond what you thought you were capable of — but that's how you grow and become successful.

On one hand, you need to have sufficient experience in the field. For example, if you're a pipe bender, you need to know your craft well. You need to have enough experience in pipe bending that you are proficient. Your proficiency will help you to build a reputation and can give you an edge over your competition.

On the other hand, your skill and reputation aren't enough to run a business. You need to understand how to run a business in order to be successful. You will manage your files and pay your bills. You'll have to handle advertising for your business and know how and when to file your taxes. You have to be willing to sharpen your skills and take on new responsibilities. Ask as many questions as you can, and talk to as many people as possible who can help you learn how to run your business.

Involve Your Family in Your Business

If you have a family, your time with them will be interrupted by the demands of a new business. It's wise to have a family meeting. Everyone needs to understand that starting a business requires a lot of time away from home. They need to know that for the next several years, you will be working about 50 to 70 hours per week — maybe more. You need to acknowledge that your family will be making sacrifices along with you. Set some rules or boundaries about how your business will affect your family so everyone knows what to expect. For example, can work or clients interrupt dinner or family plans? What will you do as a family during downtime? If your spouse expects help around the house or your family wants to plan activities when you are not at work, will you be available?

There are several key issues that are important to discuss with your family, including:

- Which days of each week will you work?
- How many hours each day will you work?
- Will you work during holidays and vacations?
- What will your responsibilities be at your new business?
- Will your family members be expected to help you?
- Will they be paid, or will they volunteer their time?
- How much are you hoping to earn?
- How soon do you expect to draw income from your business?
- What happens if there is no income to draw from your business?
- How much of your own or your family's money will you put into the business?
- Will you use savings, take out a mortgage, or sell cars or assets to raise money for your business?
- How long will you continue putting money into your business? For example, if after a year you are not making a profit, will you consider taking a part-time job to make more money to put into your business?

Your whole family needs to agree to the time and financial commitments that a new business will demand. Share your passion and enthusiasm with them, as well as your concerns about how to handle the responsibilities of a business and a family. If you believe your new business is going to be a success, your family will, too.

While you are starting your business and after you are open, talk to your family regularly and tell them truthfully how your business is doing. Especially when you work long hours, you need to communicate with your family. Joe learned how important this was when he opened a construction company. Before he ordered supplies for a project, he required a substantial deposit from customers. When Joe made one such deposit into his account, he did not tell his wife what the money was for. Joe ordered hundreds of dollars of supplies for the



job he was to complete. Joe's wife, meanwhile, spent the money Joe deposited on new furniture for their house. She did not realize that the money was for business, not for personal expenses. Joe found himself in legal trouble when he was unable to pay for the supplies he ordered, and he ended up closing his business. Joe and his wife should have taken the time to communicate. Joe could have saved them both a great deal of heartache and trouble.

Building a Business Takes Time

The process of building anything takes time. A business is no exception. Gathering and organizing data will take time. Producing a product and building a customer base will also take time. Getting paid for all the work you are pouring into your business will probably take more time than you imagine.

The idea of starting a new business is exciting, but don't let this excitement convince you that you can quit your current job. You will probably need to work a full- or part-time job while you start your business because there is no weekly paycheck unless you generate one. For anyone who has always relied on a steady paycheck, this is a difficult transition.

When you set up a business, you will incur expenses before you ever receive a payment for your product or services. How will you pay your mortgage or rent, buy groceries, and pay your utilities and other expenses during that time? As difficult as it can be to wait to get your business under way, you cannot quit your job unless you have enough savings to support yourself and pay routine business expenses for at least 12 to 18 months or longer. Although you are enthusiastic about the prospect of starting a business, take your time. Do the work, save money and be fully prepared when you open your business. Set yourself up for success.



Jeannine, an organizational consultant, started planning her business slowly because she knew she needed income in the meantime. She kept her full-time job while she began researching her business idea. Her research included gathering as much data as possible about the industry she hoped to enter. She observed potential competitors and the types of customers they attracted. She kept detailed notes and organized them in cardboard file storage boxes.

When she felt ready to move forward, she talked to her boss to let him know about her plans to start a business. She was providing a specific service for him, and she told him that she enjoyed her job but felt that she could help more people if she went into business for herself and offered her organizational skills to others, as well as her boss. Jeannine asked if she could gradually reduce her hours until she had a good client base of her own. She also wanted to give her boss plenty of time to find someone else, whom she agreed to help train.

It was important for Jeannine to be honest with her boss, and to let him know that she was not going to open a business that would directly compete with his. She wanted to run a business as an organizational consultant. In fact, because she was honest, her boss later called her and hired her to help with special projects. He even referred her to friends and colleagues. Jeannine learned that referrals are often the best sources to find customers and clients.

However, many bosses are not this sympathetic, and some might have reacted negatively or even fired Jeannine, especially if she were planning to open a business that directly competed with theirs. Be careful how much information you share at work. If co-workers know you are starting a business, your boss will find out — and may confront you before you were planning to talk to him or her about it. No one knows your current employment situation better than you, so use your own judgment about whether you should tell co-workers and your boss about your new business.

When you start a new business, research is an important step in the process. After you have completed your initial research and talked to your family, it's time to organize your information and create the story of your business. In the next chapter, you'll learn how to complete this next step in this exciting and rewarding process of opening or purchasing your own business. Each chapter in this book will help you build a solid foundation of skills and knowledge that will help you accomplish your dream of owning a successful business.

***“The only time dreams are free is in the beginning.
The dream is free; the journey isn't.”***

John Maxwell, leadership expert, speaker and best-selling author

More Products by the American Center for Credit Education



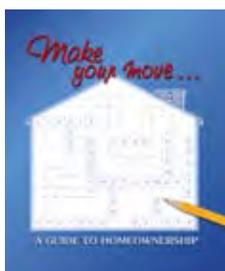
CheckWise

If you're opening a checking account for the first time, have been turned down by other financial institutions, or just need a second chance, this course can help you. A checking account is an essential tool you can use to accomplish your financial goals. Learn how to open and responsibly manage an account and use online banking.



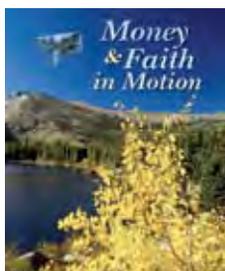
Credit When Credit is Due

This award-winning course takes an in-depth look at how to build, maintain and re-establish credit. Understand how to improve your credit score and make long-term positive changes in the way you use credit.



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Money & Faith in Motion

How do money and faith intersect? This course offers practical guidance for handling your money in a way that seeks to glorify God. Thoughtful scripture studies in each lesson inspire a richer understanding of God's principles for achieving financial freedom.



Money in Motion

Through this motivational program, you'll gain the practical tools you need to manage your money, make good financial decisions, and reach your financial goals. Real-life stories demonstrate the benefits of wise money management. Money in Motion is easy to use and understand and is our most popular program.