

**So You Want To Have Your
Own Business?
Consider This**

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Starting and Manage Your Own Business

- Risks and Rewards of ownership
- Steps to take to minimize the risks
- The Owner/Manager's Role
- Planning for Success

Small Business Provides

REWARDS...

- Substantial Income**
- Financial Security**
- Independence**
- Recognition**
- Satisfaction**

Small Business also means *RISKS...*

- 10% truly successful
- 40% operate marginally
- 50% fail
- 25% fail during the first year!!!

Why businesses fail

(9 Out of 10 cases)

- **Owner/Manager inexperience. . .**
 - in the specific line of business
 - In management
- **Owner/Manager inability. . .**
 - to manage tasks
 - to manage others

Therefore. . .

***Investigate
before you jump in.***

(Due diligence)

Owner/Managers Wear Many Hats. . .

What should you do yourself, what should you outsource?

- Leadership –Employee Relations
- Planning – Decision making
- Financial Management, Records, Information Systems
- Operations / Fulfillment
- Control – Cost & Pricing
- Marketing / Advertising
- Sales / Distribution
- Business Records
- Personnel



**Do what you do well,
outsource the rest!**

Clearly Define What is Important to You

- Income
- Financial Security
- Recognition
- Married – Family
- Independence

What is it that is most important for you?

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The *big* questions. . .

- Am I cut out for management?
- How much do I know about the proposed business?

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Planning for Success. . .

THE BUSINESS PLAN

Is a written statement about the business:

- What it is
- How it will be operated and managed
- How it will address the marketplace
- How it will function financially
- Its' strengths and weaknesses
- The strengths and weaknesses of the competitors

The Business Plan...

- Answers two questions:
 - Where do you want to go?
 - How are you going to get there?
- It needs only to be as long as is **essential** to convey the message;
- Is a living instrument.

Two Basic Elements:

- The Business Objectives
- The Strategies

And what are you going to need to develop these???

Purposes of a Business Plan

- **A means to communicate:**
 - to employees
 - to investors
 - to the bank
- **A guide:**
 - to measuring performance
 - to managing the business

Business Plan Outline

- **Executive Summary**
- **Objectives/Goals**
- **Mission Statement**
- **Keys to Success**
- **Business Description**
- **The Market**
 - size, customers, competition, trends
- **Strategies and Tactics**
- **Financial Projections**

Business Objectives

- **Must mesh with personal goals**
- **Must be measurable, e.g.,**
 - **Sales**
 - **Profits**
 - **Costs**
 - **Market share**
 - **Number of customers**
 - **New product or service Introductions**

Business Objectives

- Readily achievable → ambitious
- Measured against
 - Personal goals
 - Market size and conditions
 - Competition
 - Reasonable and realistic strategies
 - Financial resources
- **Goal Setting** a continuous process.

Why a Business Plan?

- Defines your path to follow
- Helps your banker know you
- Fosters team commitment
- Helps you to become a better manager

Planning Tasks

- Develop measurable goals, effective methods and schedule milestones
- Evaluate
 - Personal qualifications
 - Experience in various operations
 - Market potential
 - Location
 - Capital needs

Planning Tasks (Continued)

- Establish pricing – profitability
- Determine start-up expenses
- Determine operating expenses, fixed and variable.
- Establish budgets
- Develop cash flow projections

Organizing Includes *providing for...*

- Money
- Manpower
- Material
- Machines
- Facilities
- Operating Systems
(methods or procedures)

Organizing also includes *communication of . . .*

- Goals
- Company values/image
- Assignments
- Responsibilities
- Schedules
- Methods

Marketing is . . .

- **Determine the right business location**
- **Analyzing the competition**
- **Attracting customers through:**
 - **Image**
 - **Product or service**
 - **Customer satisfaction policies**
 - **Pricing**
 - **Advertising**

Financial Projections

- **Start-up cost (new business)**
- **Balance Sheets**
- **Income Statements**
- **Cash Flow**
- **Break Even Analysis**

Inadequate controls mean certain failure!

- Start with good records.
- Regularly review the goals is a must!
“Too busy” is unacceptable.
- Measure results against objectives and goals.
- Implement corrective action without delay.

Help is available!

**SCORE can help you beat the odds
in getting the job done.**

- **Counseling**
- **Mentors**
- **Advisory board members**
- **Workshops**