



6 Week Business Start-Up

Northfield Enterprise Center

Formatted in conjunction with “6 Week Start-Up” by Rhonda Abrams.

Week 1: Lay the Foundation

❖ **CLARIFY YOUR BUSINESS CONCEPT**

- Identify your personal goals.
 - What motivates you? Creativity, control, challenges, cash?
- Spell out your business values
 - Corporate culture, nature of work environment, business ethics, employee treatment, community involvement, environment.
 - What traits do you wish to instill as a person? How could you incorporate these traits in your business?
- Remind yourself of your source of inspiration
 - What excites you about your business idea? How did you come up with it? What excites you about it?
- Describe your business concept
 - Identify industry and products/services
 - What makes you unique?
 - Who are potential customers and what is overall marketing and sales strategy?
- Identify your strategic position
 - How do you develop a clear distinction between yourself and the competition?
 - Serving a specific niche in the market, unique features of your product/service, exceptional customer service, price, convenience, etc.
- Consider potential exit strategies
 - An exit plan is a long-term strategy for transferring ownership of your company to others.
 - Sell, be acquired, merge, go public, arrange for family members to take over, employee buy-out, go out of business.
- Discuss the impact of starting a business with your family
 - Discuss the opportunities, as well as potential risks and sacrifices.
- Make an appointment with an Small Business Development Center counselor
 - SBDCs offer assistance with:
 - understanding business laws and regulations, sources of market and competitive research, business plan development guidance, computer software training programs, and budgeting.

❖ **CREATE YOUR COMPANY IDENTITY**

- Choose a name
 - A good company name communicates the correct information, conveys the right feeling, won't get dated quickly, is easy to spell, is easy to pronounce, and is memorable.
- Check out trademarks
 - When you acquire the rights to a trademark or servicemark, you get legal protection from other companies using your company's name, logos, taglines, or other distinctive marks on competing products or services.
- Secure a domain name

- A domain name is the name by which your Internet site is identified and found. It is often referred to as your company's URL.
- Consider logos, taglines, and colors
 - Logos
 - visual images make your company more memorable. A good logo conveys something positive about your company.



- Taglines
 - Many companies use a motto or tagline either to better explain the nature of the business or to create a feeling about the company or product. A tagline helps customers remember what is unique about your business.
- Colors
 - Come up with a consistent use of color to give you another tool that reminds customers who you are and conveys a feeling about your company.
- Get organized
 - Set up files
 - Set up both physical files to hold tangible stuff, and digital files on your computer to hold intangible stuff.
 - Set up a contact management system
 - Establish a system for retaining and retrieving individual's contact information. The best way to do this is with a "contact management" or "customer relationship management" software program.
- Keep track of your company's vital statistics
- Keep track of expenses

Week 2: Get the Info You Need

❖ **LEARN MORE ABOUT YOUR INDUSTRY**

- Make a list of your research questions
 - Consider questions about the industry, target market, competition, suppliers/vendors, and the like.
 - After drawing up your list of questions, start looking for answers.
- Contact your industry association(s)
 - Associations are a highly valuable source of information. Most associations conduct research or collect data on trends of their industry. They monitor market size and demographics, costs, regulation, and a variety of other issues specific to their industry. Most importantly, associations exist to help promote, train, and certify people in that industry.
 - Three good ways to find an industry association on the Internet are: A general online search engine, an online directory, or the “Gateway to Associations”
- Do online research
 - Look for established market research companies in your field.
 - Check for news stories about topics related to your industry.

❖ **RESEARCH YOUR TARGET MARKET**

- Define your target market
 - You give yourself a competitive edge by thinking of each customer and planning for their needs and motivation.
 - Describe who your customers are in the following categories: End users/consumers, purchasers, retail sales personnel, retailer decision maker, wholesale/distributor sales personnel, wholesale/distributor decision makers.
- Determine if there are enough customers
 - Examine whether the market is large enough to bring you sufficient sales. What is the size of market? Is that number growing or declining? What is the number of competitors in the market?
 - A few helpful websites include Fedstats, the U.S. Census Bureau, County Business Patterns, Quick Facts, American FactFinder, The “Economic Census”, The Census bureau’s State Data Centers.



❖ **CHECK OUT YOUR COMPETITION**

- Identify your competitors
 - Competition comes in at least six forms: direct competitors, internet competitors, the big guys, other ways to spend money, inertia factors, and potential future competitors.
 - What businesses compete with you directly? What other forces influence how or if your customers will spend their money on your product or service? Be realistic and honest in this assessment – it will help you build a better business and give you a competitive edge.



- Analyze your competition
 - Take into account factors like prices, descriptions of products/services, testimonials, staff, strengths/weaknesses, and which segment of the market they appear to be targeting.

❖ **FIND SUPPLIERS**

- Whether you're buying or selling, you're likely to need a "middle man" – a person or company that puts buyers and sellers together.
- Where to find valuable intermediaries and vendors:
 - Word-of-mouth, trade associations, ThomasNet, Tradekey B2B directory, B2B Yellow Pages, eBay Business and Industrial.
 - List potential strategic partners, mutual benefits, and ways you can start that relationship.
- Consider strategic partners
 - A strategic partnership is a relationship with another company for purposes such as distribution, product development, promotion, or add-on sales.
 - You might get a partnership for distribution agreement, licensing, cooperative advertising, and bundling.



Week 3: Cut Through Red Tape



❖ **DEAL WITH LEGAL AND LICENSING MATTERS**

- Choose a legal form and ownership structure for your company.
 - Three things to keep in mind where choosing a legal form are: liability, double taxation, ownership.
 - When you meet with your attorney, these are the legal structure you can consider: sole proprietorship, partnership, LLC or LLP, “S” corporation, or “C” corporation.
- Discuss ownership of your company
 - Before you begin parting with any ownership interest in your company, discuss the ramifications with your attorney.
- Apply for business licenses, permits, and identification numbers
 - The bureaucratic things you’ll deal with fall into three general categories:
 - Identification numbers (federal identification numbers for income tax purposes)
 - Licenses or certifications (a city business licenses, a contractor’s license, license to sell alcoholic beverages, etc.)
 - Permits (construction permits, special event permits).

❖ **BUILD YOUR TEAM AND PERONNEL STRUCTURE**

- Consider your support structure
 - Try to list the names or sources of people or organizations you can turn to for support and advice.
 - These people can come in the forms of business buddies, mentors, entrepreneurs’ groups, online communities, advisory committee members, or board members.
- Decide who you need on your team
 - List the job titles needed in: Top management, administration, finance, marketing, operations, technology, human resources, logistics staff, and other.
 - List each employees responsibilities, desired experience, desired attitudes, desired education, desired skills, and compensation.
 - Hiring enables you to: serve more customers, produce more products or services, add additional skills and talents to your business, spend your time on the things you do best and like to do, make money when someone else is working, and grow our company.
- Figure out how much you can afford



- When figuring out how much you can pay an employee, take the following steps: review your monthly cash flow, estimate your monthly profit, estimate expected additional income, estimate how much you'll pay an employee, estimate monthly taxes and benefits, and estimate additional costs.
 - Remember you will need to have cash in the bank for payroll, which is typically every two weeks or month.
- Appraise your management style.
- Manager vs. Leader

A Manager...	A Leader...
Tells employees what needs to be done	Sets high-level goals and strategy; establishes clear standards and values
Trains employees on how to do their jobs well	Keeps the business on track to reach those goals
Monitors success on a daily procedural level	Monitors success at the financial level
Helps prevent things from going wrong	Helps things go right
Fixes problems when they do occur	Empowers others to take action to fix problems

- Being a boss is tough. It's one of the most demanding challenges of running a company. You have to inspire, lead, motivate, discipline, and reward. Some of the most important leadership skills include: communicating goals, setting standards, being fair, listening, and making decisions.
- Reward and acknowledge employees. Recognizing that employee turn-over is costly, especially in a small company, think about how to build an atmosphere where employees are likely to want to stay.
 - Trust them, offer them the opportunity to grow, communicate, recognize effort and accomplishment, and reward accomplishment.

Week 4: Take Care of Operations

❖ **FIND AND SECURE A LOCATION**

- Rented space
 - Decide on the necessary attributes of your location
 - Meet with a real estate agent
 - Compare properties
 - Consider whether you need more than one location
- Set up a home office
 - Find the space to work and figure out phone, fax, and internet
 - Plan how to meet with customers
 - Decide whether you need a separate business address
 - Understand home-based office tax deductions
 - Plan ways to separate work life from home life: establish work hours, be clear with guests about your spare time

❖ **DESIGN YOUR WORK SPACE AND PRODUCTION PROCESS**

- Design your layout
 - What are the necessary functions of your business, and how much space do you need for each?
 - Which employees may need privacy?
 - How will you divide the space between different functions?
- Design your production process
 - You need a plan for how you'll handle your product or service from the time an order is placed until it is finally delivered to the customer.
 - What inventory do you need and how will you get them? Where will you store them?
 - How will you turn those materials into finished goods? What labor is required for each step?
- Order/install utilities and facility improvements
- Get furniture and equipment
 - Buy versus leasing, warranties/service contracts
- Order inventory and/or raw materials

❖ **RESEARCH AND PURCHASE COMPUTERS, SOFTWARE, AND OTHER TECHNOLOGY**

- Develop an approach to buying technology
 - What features do you absolutely need?
 - Are your needs basic or complex?
 - Does your new equipment have to be compatible with other equipment or software?
 - Do you want single purpose or multifunction equipment?



Week 5: Deal with Money Issues

❖ Deal with Money Matters

- Meet with an Accountant
 - What kind of taxes will I have to pay? What are my deadlines?
 - How can I reduce my taxes?
 - How should I pay myself?
 - How do I collect sales tax?
- Learn the lingo
 - Red ink, black ink, bottom line, overhead, burn rate, variable expenses, cost of goods sold, general and administrative expenses (operating expenses), revenue, income, profit, gross profit, net profit, net loss.
- Take stock of your personal financial situation
 - Financial assets, tangible assets, business assets, personal assets.
 - How readily available are these assets?
- Clean up your credit
 - Get a credit report, learn your credit score, make certain everything is accurate, pay your bills on time, don't increase your debt, increase your credit limits, reduce your interest rates, make a list of your credit cards.
- Set up your books
 - Determine which bookkeeping software you will use
 - Determine the accounting method you will use
 - Cash basis
 - Accrual basis
- Establish your prices
 - Pricing services
 - Hourly
 - Project
 - Pricing goods
 - Understand normal mark-up practices in your industry
 - Figure your total costs and then set a reasonable figure for profit
- Open a bank account
- Consider accepting credit cards
 - Benefits of accepting credit cards
 - You receive payment right away; you shift risk from you to the credit card company for non-paying customers; you have less paperwork; the number of customers who do business with you will increase.
 - Costs of accepting credit cards
 - There is a discount fee from 2-4%; transaction charges; monthly minimums you must meet; set-up fees; equipment purchase or leasing; chargebacks.



- Prepare simple financial forecasts
 - Budgeting strategies
 - The best financials are developed from the “bottom up” rather than the “top down”.
 - Cash flow
 - This is extremely important. This is what pays your bills.
- Learn about taxes
 - Income tax, payroll tax, sales tax, property tax, other.
 - Know the amount, where to send/file, and the dates they are due.

❖ **CONSIDER FINANCING**

- Debt vs. Equity
- Determine whose money you want
 - Consider rates of returns on loans/investments, risk, and advantages/disadvantages.
 - The main funding sources for starting or expanding a business are: your own assets, sales/income, credit cards, friends and family, banks, strategic partners, venture capitalists.
- Develop a business plan
 - If you’re going to seek funds from outside investors or lenders, you’ll need a business plan to outline your entire business strategy, financing, etc.

Week 6: Open Your Doors

❖ DEVELOP A MARKETING PLAN

- Clarify your company's message
 - People buy benefits, not features
 - The four P's of marketing
 - Product, Price, Place, Promotion
 - What customers want: The Five F's
 - Functions, Finances, Freedom, Feelings, Future
 - Must understand what customers want to sell product or service.
- Come up with your Elevator Pitch
 - "What does your company do?"
 - My company is named; does; serves this market; makes money by; is like these other companies; will succeed because; aims to achieve.
- Decide on marketing vehicles
 - Create a marketing budget
 - In devising your overall marketing program, be sure you look for fit, mix, repetition, and affordability.
 - Printed marketing material (business card)
 - Customer-based marketing (email mailing list)
 - Trade shows
 - Public relations/publicity – how to create successful press release:
 - Be creative
 - Be visual
 - Work with others
 - Come up with statistics
 - Follow-up
 - Respect deadlines
 - Advertising – make sure the ad reaches the *right* people. Include:
 - The name of your company – eye-catching headline
 - The nature of your product or service – tell the benefits
 - Where you're located
 - Hours and days you're open or hours and days of the sale
 - Website address
 - Phone number with area code
 - Email address
 - Special terms or limitations – include a call to action
 - Promotional products – To get the most of your specialty ads:
 - Target your market
 - Choose items that are useful, different, or interesting
 - Choose a gift related to your business and appropriate



