



HOW TO START A BUSINESS

Summer 2008

MANAGE YOUR RISK

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The most common serious mistake made in business is not picking the right one to begin with.

Before starting your own business you must:

- ◆ Have an overwhelming desire to have your own business
- ◆ Start a business in something that you love to do
- ◆ Have the dedication to be completely devoted to your business through good times and bad times
- ◆ Be happy in your intended business

To become a successful entrepreneur, you should have a working knowledge about the business you plan to start before you start it.

- ◆ Common sense, combined with appropriate experience, is the necessary brainpower.
- ◆ Prudence, follow through and attention to detail are very important.
- ◆ In every business, you need your own money to maintain a positive cash flow for at least a year.

Many businesses can be started on a very small scale with a small investment. Then, as the business grows and you gain experience, cash flow from your business can be used for growth.

How to Have a Successful Business

- If you have not yet selected a business, take your time and wait for the business that is just right for you.
- Do not pursue businesses that may be too challenging.
- Try to identify a business that has long-term economic potential.
- Operate a business that will grow in today's and tomorrow's markets.
- Bet on a business you know.

In some cases, you do not need starting capital to hire other people because you might start by doing everything yourself.

The "do it yourself" start is a good way to learn everything about your business and also makes you better qualified to delegate work to others later on.

You can control your risk by placing a limit on how much you invest in your business.

Decide if you really want to be in business

Just put some (not all, hopefully) of your net worth at risk.

You may run the risk of working long hours, taking away from other family or pleasurable activities.

There may be levels of stress you have not experienced as an employee.



Be Careful of...

- Being impatient.
- Being over confident.
- Not analyzing your business carefully.
- Not considering the negative aspects of your business.
- Not understanding every aspect of the business before you open its doors.



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Decide Whether to Operate Full-Time or Not

Advantages of starting in your off hours while still working at your current job:

1. You avoid losing earnings including retirement, health and vacations.
2. You can avoid conflict of interest with your job by choosing a business that is appropriate for your off hours (i.e., real estate, e-commerce or family-run operations).
3. You can operate a family business.
4. Your family can run the business while you are at work.
5. You can teach your kids the benefits of being in business.

Disadvantages of starting in your off hours while still working at your current job:

1. There is a temptation to spend time at your job working on your other business.
2. Competing with your employer, which is not right.
3. Any kind of conflict with your regular work can jeopardize your job and your other business.
4. Overwork can cause mental and physical exhaustion.

Selecting your Business

If you have not yet decided on a business, answer the following questions:

- ◆ Can I do what I love to do?
- ◆ Will I fill an expanding need for which there is no close substitute?
- ◆ Can I specialize?
- ◆ Can I learn it and test it first?
- ◆ Can I handle the capital requirements?

- ◆ Can I learn the business by working for someone else first?



Starting a Business: Top Five Do's

1. Begin saving money.
2. Begin working part-time in the kind of business you would like to start.
3. Learn from people already in your business.
4. Prepare a written business plan for your intended business.
5. Test market your product or service before starting or expanding.



Starting a Business: Top Five Don'ts

1. Quit your job before your business is in place and running.
2. Consider operating a business in a field you do not enjoy.
3. Risk all the family assets.
4. Commit to a concept without proving it first on a small basis.
5. Pick a business that is too high a risk.

Sources of more information

www.manageyourrisk.net

U.S. Small Business Administration
<http://www.sba.gov/services/training/onlinecourses/index.html>

Starting your Small Business. http://www.mainesbdc.org/train_login.cfm

Are you ready to start your own business? <http://app1.sba.gov/training/sbprimer/assessment.htm>

Getting Assistance for your Project
<http://www.uark.edu/ua/mngrisk/rmg/Getting%20Assistance%20for%20your%20Market%20Project%209-19.pdf>

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Visit our web site at:

<http://www.manageyourrisk.net>

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