

CHECKLIST FOR GOING INTO BUSINESS

INTRODUCTION

Owning a business is a dream of many Americans. Starting that business converts your dream into reality. Never the less, there is a gap between your dream and reality that can only be filled by careful planning. As a business owner, you will need a plan to avoid pitfalls, to achieve your goals and to build a profitable business.

The "Checklist for Going into Business" is a guide to help you prepare a business plan and help determine if your idea is feasible, help identify questions and problems you may face in converting your ideas into reality and to prepare for starting your business.

Operating a successful small business will depend on:

- A practical plan with a solid foundation
- Dedication and willingness to sacrifice to reach your goal
- Technical skills (industry knowledge)
- Basic knowledge of management, finance, record keeping and market analysis

As a new owner, you will need to master these skills and techniques if you business is to be successful

IDENTIFY YOUR REASONS

As a first and often overlooked step, ask yourself why you want to own your own business. Check each reason that applies to you.

- | | YES |
|---|------------|
| 1. Freedom from a 9-5 daily work routine | _____ |
| 2. Being your own boss | _____ |
| 3. Doing what you want, when you want to do it | _____ |
| 4. Improve your standard of living | _____ |
| 5. You are bored with your present job | _____ |
| 6. You have a product or service for which you feel there is a demand | _____ |

Some reasons are better than others, none are wrong; however, be aware that there are tradeoffs. For example, you can escape the 9-5 daily routine, but you may replace it with a 6am to 10pm routine.

A SELF ANALYSIS

Going into business requires certain personal characteristics. This portion of the checklist deals with you – the individual. These questions require serious thought. Try to be objective. Remember, it is your future.

Personal Characteristics

- | | YES | NO |
|--|------------|-----------|
| 1. Are you a leader | _____ | _____ |
| 2. Do you like to make your own decisions? | _____ | _____ |
| 3. Do others turn to you for help in making decisions? | _____ | _____ |
| 4. Do you enjoy competition? | _____ | _____ |
| 5. Do you have will power and self-discipline? | _____ | _____ |
| 6. Do you plan ahead? | _____ | _____ |
| 7. Do you like people? | _____ | _____ |
| 8. Do you get along well with others | _____ | _____ |

Personal Conditions

This next group of questions, though brief, is vitally important to the success of your plan. It covers the physical, emotional and financial strains you will encounter in starting a new business.

- | | YES | NO |
|---|------------|-----------|
| 1. Are you aware that running your own business may require working 12-16 hours a day, six days a week, and maybe Sundays and holidays? | _____ | _____ |
| 2. Do you have the physical stamina to handle the work load and schedule? | _____ | _____ |
| 3. Do you have the emotional strength to withstand the strain? | _____ | _____ |
| 4. Are you prepared if needed, to temporarily lower your standard of living until your business is firmly established? | _____ | _____ |
| 5. Is your family prepared to support your venture and go along with the strains they too must bear? | _____ | _____ |
| 6. Are you prepared to lose all monies invested? | _____ | _____ |

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PERSONAL SKILLS and EXPERIENCE

Certain skills and experience are critical to the success of a business. Since it is unlikely that you possess all the skills and experience needed, you will need to hire personnel to supply those for you. There are some basic and special skills you will need for your particular business.

By answering the following questions, you can identify the skills you possess and those you lack (your strengths and weaknesses).

	Yes	No
1. Do you know what basic skills you will need in order to have a successful business?	___	___
2. Do you possess those skills?	___	___
3. When hiring personnel, are you able to determine if the applicants skills meet the requirements for the position you are filling?	___	___
4. Have you ever worked in a managerial or supervisory capacity?	___	___
5. Have you ever worked in a business similar to the one you want to start?	___	___
6. Have you had any business training in school?	___	___
7. If you discover you don't have the basic skills needed for your business, will you be willing to delay your plans until you have acquired the necessary skills?	___	___

FINDING A NICHE

Small businesses range in size from a manufacturer with many employees and millions of dollars in equipment to the sole proprietor running his/her business with no employees. Obviously, the knowledge and skills required for these two extremes are far apart, but for success, they have one thing in common – each has found a business niche and is filling it.

The most crucial problems you will face in your early planning will be to find your niche and determine the feasibility of your idea. "Get into the right business at the right time" is very good advice but following that advice may be difficult. Many entrepreneurs plunge into a business venture so blinded by the dream that they fail to thoroughly evaluate its potential

Before you invest time, effort and money, the following exercise will help you separate sound ideas from those bearing a high potential for failure.

IS YOUR IDEA FEASIBLE

1. Identify and briefly describe the business you plan to start:

2. Identify the product or service you plan to sell:

	YES	NO
3. Does your product or service satisfy an unfilled need?	___	___
4. Will your product or service serve an existing market in which demand exceeds supply?	___	___
5. Will your product or service be competitive based on quality, selection price or location?	___	___

Answering yes to any of these questions means you are on the right track; a negative answer means the road ahead could be rough.