

Activity:2

BUSSINESS REQUIREMENTS:

It's important to research our industry, find competitors, understand the risk and map out our finances before starting your business.

- Understanding the work involved in starting a business is necessary for a successful launch
- The importance of proper planning cannot be understated, as these decisions are core to how our business takes shape
- Making good decisions early on can help ensure continued growth

It often feels like there are 1,000 things to work on all at the same time. There's no avoiding this reality for new small business owners. Still, with a little planning, it's possible to manage expectations and take actions with a sense of purpose toward building your business.

Beyond giving it our all, it's important to direct our energy to the right tasks – especially at first. Experts say

some good first steps in starting a business are researching competitors, assessing the legal aspects of our industry, considering our personal and business finances, getting realistic about the risk involved, understanding timing, and hiring help.

1.DO OUR RESEARCH:

You want to make sure you understand the industry you'll be involved in so you can dominate. No matter how unique you might think your business idea is, you should be aware of competitors, said Ian Wright, founder of British Business Energy.

“Just because you have a brilliant idea does not mean other people haven't also had the same idea,” said Wright. “If you can't offer something better and/or cheaper than your competitors, you might want to rethink starting a business in that area.”

2. Determine your audience.

Spend time considering who your target demographic is. This audience will be the driving force in each decision you make. Understanding who needs your product or service can help fine-tune your offerings and ensure your marketing and sales strategies are reaching the right people. Part of this decision is understanding if you are a

[business-to-consumer \(B2C\)](#) or [business-to-business \(B2B\)](#) enterprise. Within those parameters are multiple categories, including but certainly not limited to age, gender, income and profession. You can't earn a profit without your customers, so understand who they are and make them your priority.

“It is crucial to make sure you are delivering what your customer wants, not what you want,” said Sonia Lakhany, attorney at [Lakhany Law](#). **“This will give your insight into your [customer's buying decision](#) and save you lots of experimenting down the road.”**

3. Have a strong mission.

Standing out is no easy feat, and no one magic formula guarantees results. However, knowing your business's purpose is central to guiding these decisions. By recognizing your business's strengths, differences, and purpose, you can make informed choices to expand your services and markets down the line in a way that is harmonious.

4. Choose a structure.

A key initial step to take when starting your business is choosing its legal structure, said business attorney Mason Cole of Cole Sadkin LLC. “It will dictate the taxes,

paperwork, liability of the owner(s) [and] other legal aspects, as well as whether or not the company can have employees,” he said.

Additionally, you must acquire the proper local and state registration required to open your business.

“This means the entrepreneur will need to create the articles of incorporation, obtain an employer identification number and apply for necessary licenses, which will vary by state and industry,” Cole said.

5. Map our finances.

Starting a business requires money that you likely won’t have right away. This is why you need to seek out ways to acquire capital.

“Most entrepreneurs start a business with a very limited amount of capital, which is a large hurdle to many,” said Cole. “However, plenty of options are available to a budding business owner. The first and most common place to seek capital is with friends and family. If that is not enough, expand the search to [angel investors](#) and [venture capitalists](#). Should these options not provide the amount needed, then apply for business loans through banks and small business associations.”

6. Understand our tax burden.

Travis Sickie, a certified financial planner at [Sickie Hunter Financial Advisors](#), advises entrepreneurs to be organized with taxes and fees. There are multiple payments to make, and filing any of them late could result in severe consequences.

“You have to figure out how much your payroll will be to make your tax payments timely,” said Sickie. **“The timing can vary depending on your payroll. You must also figure out other business taxes, such as city, county and state.”**

7. Understand the risk.

Of course, launching a new business venture will always involve a level of risk. Calculating, understanding and planning for risk is an important step to take before you start working on your business. This means assessing your industry’s risks before developing a business plan.

“[Entrepreneurs](#) Should know their industry’s risks before purchasing business insurance,” said Jeff Somers, president of [Insureon](#). **“For example, [accountants](#) will want to consider professional [liability insurance](#) if a client files a lawsuit, claiming a costly error on their tax return. Restaurant owners are more likely to need general**

liability for slip-and-fall accidents and liquor liability insurance, which can pay for lawsuits.”

8. Put together a business plan.

A business plan outlines the steps you need to take for a successful launch and continued growth. This document is important for establishing a focus for your business, attracting C-level professionals to work for you, and seeking and retaining capital. A [business plan](#) ensures you put your best foot forward with other professionals who are evaluating your company, so be sure to have this document on the backburner and ready when requested.

Take the time to put together the main components, including:

- Your mission statements
- A description of your business
- A list of your products or services
- An analysis of the current market and opportunity
- A list of decision-makers in the company, along with their bios
- Your financial plan so those who review can understand the opportunity

9. Time it right.

Timing is an important element of building a business. Sure, you want to start your business at a time when the economy is healthy and your prospective industry is expanding, but there's also a flow to decision-making that's important to be aware of. Kevin McCauley, founder and CEO of Upper Hand, said it's important to be decisive when building a business.

"I wish I understood how detrimental the role of time [can be] in building a business," he said. **"You only have so much time to find out if you've made the [right business decisions](#). As I once read, if you're 70% of the way to making a decision, make the decision. If you try to get to 90%, you've waited too long. If I could have had that mindset from day one, I would probably have had fewer sleepless nights when I was going through tough times."**

10. Look for a mentor or advisor.

Starting a business should not be an independent journey, no matter how tempting that sounds. Finding those who have made this journey before can help set you up for success. Network with other professionals in your industry, attend industry-specific workshops and events, and reach out to thought leaders in your industry

to learn their approach. Alternatively, you may want to consider hiring a coach who can give you pointed advice.

11. Bring in the professionals.



Entrepreneurs can't know everything about running their new venture. Tapping into seasoned professionals' experience can ensure you're starting on the right foot.

It's especially important to have legal assistance to ensure you are protected and going about the process correctly.

"We often assume that legal counsel is for when we get ourselves into trouble, but preventative and proactive legal preparation can be the best way to set your

business on the path to long-term success,” said Katy Blevins, co-founder and CEO of The Modern Femme Movement. “When you call on legal counsel after you’ve run into a problem, it’s often too late or could critically impact your business in both the short and long term. Investing in their insight at the start of your business can pay a huge return later on by keeping you out of trouble before you even get into it.”

Another smart hire is an accountant. It’s nearly impossible for one person to handle every aspect of a company, and above all, your finances should not be put at risk.

“I had a full-time job as I considered starting my own business in 2009, but I did a lot of groundwork before I started, and bringing on an accountant was an important step,” said Sarah Burningham, president and founder of [Little Bird Publicity](#). **“It helped me understand what I needed to do to make this work from a profit standpoint, [as well as] the ins and outs of state, federal, and local taxes”.**

