



Business Tips For You @ <http://www.sba.gov/teens>

STARTING YOUR BUSINESS

How to Start a Small Business

Starting and managing a business takes motivation, desire and talent. It also takes research and planning.

Like a chess game, success in small business starts with decisive and correct opening moves. And, although initial mistakes are not fatal, it takes skill, discipline and hard work to regain the advantage.

To increase your chance for success, take the time up front to explore and evaluate your business and personal goals. Then use this information to build a comprehensive and well thought out business plan that will help you reach these goals.

Personal Goal-Setting

Personal goal-setting is crucial when deciding to become an entrepreneur. Because your business will have an impact on every other area of your life, it is critical to know how it fits into your life and whether it allows you to reach your other goals. Two of the benefits you receive as a result of defining your major goals in life are peace of mind and focus.

Remember, you will not pay a price for setting goals. You will pay a price for not setting them. There is a simple process that you can go through to set any goal whether personal or professional. To be effective, the goal you choose must include the following steps:

- Identify your goal by writing it down.
- Set a deadline for the achievement. Put a date on it.
- List the obstacles to overcome in accomplishing your goal.
- Identify people and groups you need to work with to reach your goal.
- List skills and knowledge required to reach your goal.
- Develop a plan of action to reach your goal.
- Write down the benefits of achieving your goal. "What is in it for me"?

Traits Shared by Winners

Does the idea of being your own boss appeal to you? Are you entrepreneurial material? Here are some traits winners all possess.

- An eye for opportunity: Finds a need and quickly satisfy it
- Independence: Enjoys being his/her own boss
- An appetite for hard work: Doesn't mind working long hours with little pay
- Self-confidence: Demonstrates extreme self-confidence in taking risks

- Discipline: Resists temptation to do what is unimportant for what is essential
- Judgment: Ability to think quickly and make wise decisions
- Ability to accept change: Thrives on changes and business growth
- Make stress work for them: Focuses on the end and not the process
- Need to achieve: Drives toward personal success
- Focus on profits: Knows business success is measured by profits

Naming Your Business

The name you choose for your business now will continue to influence the initial impression customers have of you in the future. The name of your business will determine how easily your customers can find your business and information about you in phone books and other directories. It will also provide a snapshot of your business that your customers will use to develop their very first impression of you.

Research the business names of your competitors to determine which names catch your attention and which ones are easy to miss. When you come up with a list of name options, bounce them off of people who know you as well as people who don't.

Choose a Wireless Plan That Speaks to You

Beyond using wireless phones for talking to your friends and family, they are also considered necessary for conducting business. Choosing a plan that meets your specific needs is essential. Here is some advice when shopping for a wireless provider:

- Estimate the number of peak or “anytime,” minutes you will need. Pay close attention to peak vs. off-peak minutes allowed and time frames for using each.
- Consider location and travel needs, then match them to the most appropriate plan.
- Avoid signing long-term contracts, especially those in excess of one year.
- Explore shared-plan options if several people in your business will need a company-supplied phone.

Picking a Location

Choosing the right location for your business can be a major factor in its success or failure. A good location may allow a struggling business to survive, but a weak location could mean trouble for even a very well-run business. Make sure you know all the legal restrictions of your place of business.

Setting up a Home Office

If you plan to work from home, you'll want to set up a home office designed to promote productivity, creativity and comfort. The following are some ideas to consider:

- Check out your town's zoning laws, which may have restrictions.
- Choose a room for your home office and get it organized.
- Make sure that your house is adequately wired to accommodate your equipment.
- Pick out the right furniture for your new office that's comfortable and durable.

- Choose stimulating colors in your office that promotes creativity and mental activity.
- Establish regular business hours and rules so you won't get distracted.

Create a Professional Image for your Home Business

Some people will wrongfully conclude that you and your business are less than professional because you run it from your home. While this is unfair and narrow-minded, it is still a fact. Here are some tips for creating the right image:

- Incorporate your enterprise or register your business name. Nothing says "professional" to potential clients as a corporate or business name.
- Sign up for an executive suite or serviced office when you meet with clients
- Give your home office number only to existing clients and get an answering service number for anyone else.
- Consider the image of your email address.
- Get business cards and letterhead printed on professional printed quality stock.
- Use a laser printer to produce your correspondence.

PUT IT IN WRITING

Creating a Business Plan

Starting a business takes not only motivation and talent, but also research and planning. Take time beforehand to explore and evaluate your business and personal goals, then use this information to build a comprehensive and thoughtful business plan that will help you reach these goals. A business plan should be a work in progress. Even successful, growing businesses should maintain a current business plan

Making the Most of Your Business Plan

- Take the long view and do long-term planning. Map out where you want to be five years from now and how you plan to get there.
- Write the plan yourself. You will learn more about your business by doing so.
- Think of your plan as a living document. Review it regularly to make sure you are on track or to adjust it to market changes.
- Share the plan with others who can help you get where you want to go—such as lenders, key employees and advisors.
- Understand that you might pay a price in the short run to obtain long-term business growth and health.

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5 Tips for Building a Sound Business Plan

1. Write a business plan with a complete financial and marketing plan.
2. Your marketing strategy should be built around your strengths, your competitor's weaknesses and the customer's desires.
3. Test the reliability of your business—know why it will work and how you will make it work. Think your business through step by step.
4. Allow at least two hours every week for thinking and planning. Do not let anything interfere with this time.
5. Establish an annual operating plan.

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CHA-CHING — MONEY MATTERS

Choosing a Bank for Your Business

Businesses must thoroughly consider their needs when selecting a financial institution. While one bank may specialize in home loans or auto loans, another may focus on commercial loans for businesses. Consider some things your banker will help you with:

- Cash management needs
- Investment products
- Advice on qualifying for a loan
- Special loan programs for small businesses
- Finding financial information on your industry

Compare financial institutions to find the one that will serve your business needs and provide support and assistance during the infancy stage of your business.

Creatively Search for Funding

1. Contact your state, county and local development departments. Many offer funding programs to foster business within a certain geographic area.
2. Take advantage of organizations aimed at helping you. Some include the National Organization of Women Business Owners and the National Minority Supplier Development Council.
3. Call on the community banks in your area. These smaller banks pride themselves on helping small business owners.
4. Find out if there are any revolving loan fund programs for which you might qualify. They provide “gap financing” that your bank won’t or can’t offer.
5. Visit www.sba.gov/financing, the finance section of U.S. Small Business Administration’s Web site. It provides details on SBA’s many funding programs.

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Finding Angel Investors and Venture Capitalists

- Contact your local university business school or Small Business Administration office for information on potential funding sources.
- Do some research. Identify the most likely candidates by asking your accountant, banker and lawyer.
- Keep an open mind—potential investors may be anywhere. According to Success magazine, one entrepreneur found an angel investor among the motorcyclists he rides with on weekends.
- Surf the Web. Do a search on the Internet for companies that provide venture capital for startup financing.
- Check your library or the Web for references.

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AVOIDING LEGAL BUSINESS HASSLES

How to Get a Business License

Licensing is generally handled through your state or local government. You will need to consult your local telephone directory in the "Government" section for an office that will assist you with a license or permit.

See http://www.sba.gov/starting_business/legal/permits.html

How to Get an Employer Identification Number

An Employer Identification Number, also known as a Federal Tax Identification Number, is a nine-digit number that the IRS assigns to business entities. The IRS uses this number to identify taxpayers that are required to file various business tax returns. EINs are used by employers, sole proprietors, corporations, partnerships, non-profit organizations, trusts and estates, government agencies, certain individuals and other business entities. Visit www.irs.gov/businesses for information on applying for an EIN.

State Licensing Requirements

While business licensing requirements vary from state to state, here are some of the more common types:

Business Licenses

A state business license is the main document required for tax purposes and conducting other basic business functions. Many states have established small business assistance agencies to help with state requirements.

Trade Name Registration

If your business will only be operated in your local community, registering your company name with the state may be sufficient. **Employer Registrations**

If you have any employees, you'll probably be required to make unemployment insurance contributions. For more information, contact your state Department of Revenue or Department of Labor.

Business Tax Preparation

If you own a business, you want to be sure that your tax return is flawless. Even minor mistakes on your business' return can cause delays in processing.

- Keep good records in the form of receipts, bills paid and other financial documents for three years.
- Get good advice from someone you trust.
- Prepare accurate W-2s for your employees, typically by January 31st.
- Avoid common mistakes like mathematical miscalculations and not signing your tax returns.
- Get help, if needed, from the IRS Taxpayer Advocate Service (<http://www.irs.gov/advocate/index.html>)

MANAGING YOUR BUSINESS

Steps to Wise Decision-Making

Decisions, decisions, decisions! Are you a good decision maker? If you aren't (or don't think you are), there is no need to worry. It's a skill easily learned. Although some people find this particular skill easier than others, everyone applies a similar process.

If you follow these basic steps, you will make decisions, both in your professional and personal life.

- Define the decision that needs to be made.
- Write down as many alternatives as you can think of.
- Think where you could find more information about possible alternatives.
- Check out your alternatives.
- Visualize the outcomes of each alternative.
- Which alternative "fits" you?
- Get started!

Understanding Your Competition

Business takes place in a highly competitive, volatile environment, so it is important to understand the competition. Questions like these can help:

1. Who are your five nearest direct competitors?
2. Who are your indirect competitors?
3. Are their businesses growing, steady or declining?
4. What can you learn from their operations or advertising?
5. What are their strengths and weaknesses?
6. How does their product or service differ from yours?

Start a file on each of your competitors include advertising, promotional materials and pricing strategies. Review these files periodically, determining how often they advertise, sponsor promotions and offer sales. Study the copy used in the advertising and promotional materials and their sales strategies.

Stay Well Informed

- It's important to know your industry:
- Subscribe to industry publications that focus on your business.
- Network with other entrepreneurs in similar industries.
- Look for information on the Internet. Watch for opportunities to interact with business or industry experts.
- Subscribe to Internet newsgroups that focus on your industry.
- Read newspapers - local and national - to track business trends.

- Talk to your customers and clients. What issues are troubling them? What is their mission? What factors do they think will affect their business in the future?
- Invest in training: attend a conference/seminar on a subject that affects your business. Once there, doesn't be a wallflower. Strike up conversations with other participants.
- Visit or call your city library or check out the library at a nearby college. Find out what resources they offer for someone interested in a business like yours.
- Recognize that at some point you may not know everything about your business. Seek guidance consultants or hire employees who can compensate for the gaps in your knowledge.
- Cultivate your curiosity. Don't be afraid to try new things.

Protect Your Business from Hackers and Cyber Attackers

The Computer Security Institute confirms that cyber attacks continue to plague American businesses and institutions. Hackers prowl the Internet looking for easy, vulnerable targets, so it's imperative that you take measures to protect your data and computer hardware. Take the following precautions to protect your data and computer hardware:

- Buy the latest anti-virus software, and update it regularly – at least twice a week.
- Install firewall software (in addition to virus protection software – you need both). Anti-virus software scans incoming documents, files, emails and software, while a firewall blocks hackers from using your Internet connection to tap your computer.
- Consider an intrusion detection system that will notify you whether hackers have tried to hack into your network. If you have sensitive data (such as financial records or sensitive intellectual property) this will give you an extra layer of protection.
- Back up important data at the end of each day, and store it on a removable media (Zip disks or CD-Rs)

Shredding Credit Cards, CDs, and Diskettes

You always shred important documents such as old bank statements, receipts, and sales commission reports, but what do you do with expired credit cards or old diskettes with sensitive information? If you answered toss them in the trash, think again. If you do, you risk becoming a victim of identity theft.

Common Causes of Business Failure

Businesses do fail. Keep these points in mind:

- Choosing a business that isn't very profitable. Even though you generate lots of activity, the profits never materialize to the extent necessary to sustain an on-going company.
- Inadequate cash reserves. You must have enough cash to carry you through the first six months or so before the business starts making money.
- Failure to price your product or service correctly. You must clearly define your pricing strategy. You can be the cheapest or you can be the best, but if you try to do both, you'll fail.
- Failure to anticipate or react to competition, technology or other marketplace changes. It is dangerous to assume that what you have done in the past will always work. Challenge the factors that led to your success.

- Over dependence on a single customer. Whenever you have one customer so big that losing would mean closing up shop, watch out. It's preferable to have a large base of small customers.
- Believing you can do everything yourself. Let go of the attitude that you must have hands-on control of all aspects of your business.

GROWING YOUR BUSINESS

Planning for Growth

Few things are more exciting than expanding a business. Whether you want your business to grow in size or remain small but successful, growth is critical.

Business growth assumes you have made it through the early start-up phases and are now ready to expand. It is a period where you can spread your wings and look for new business horizons. However, like earlier stages of development, growing a business requires solid preparation, steadfast commitment and a willingness to take calculated risks.

Keeping Customers Satisfied

According to the Customer Service Institute, 65 percent of a company's business comes from existing customers, and it costs five times as much to attract a new customer than to keep an existing one satisfied.

How to Create a Domain Name for Your Business on the Web

A domain name is the Internet address for your business. It is the sequence of words, phrases, abbreviations, or characters that identifies a specific computer or network on the Internet and serves as its address. For many businesses that operate on the Web, trade names are synonymous with domain names, such as Amazon.com and Monster.com. Domain names are not registered through state or local government; rather they can be purchased through numerous online businesses, most of which will allow you to conduct a name search in advance to make sure your chosen name isn't taken.

Creating a Business Web site

Even if you choose not to sell your goods or services online, a business Web site can be a virtual marketing brochure that you can update on demand with little or no cost. Your presence on the Internet can be a useful marketing tool by providing useful pre-sale information or post-sale support and service. This might temporarily differentiate your product or service from your competitors'. E-marketing has lessened the disadvantage that small businesses have faced for years when competing with larger businesses.

Strategic Planning Strengthens Your Business

Strategic planning is matching the strengths of your business to available opportunities. To do this effectively, you need to collect, screen and analyze information about the business environment. You also need to have a clear understanding of your business -- its strengths and weaknesses -- and develop a clear mission, goals and objectives. Acquiring this understanding often involves more work than expected. You must realistically assess the business you are convinced you know well.

Understanding Electronic Commerce

Commerce has redefined the marketplace, altered business strategies, and allowed global competition between local businesses. The term "electronic commerce" has evolved from meaning simply electronic shopping to representing all aspects of business and market processes enabled by the Internet and other digital technologies.

MARKETING YOUR BUSINESS

Understanding the Role of Marketing

Marketing is your most important organizing tool. There are four basic aspects of marketing, often called the four Ps:

- Product: The item or service you sell.
- Price: The amount you charge for your product or service.
- Promote: The ways you inform your market as to who, what, and where you are.
- Provide: The channels you use to take the product to the customer.

As you can see, marketing encompasses much more than just advertising or selling. For example, a major part of marketing involves researching your customers: What do they want? What can they afford? What do they think? Your understanding and application of the answers to such questions play a major role in the success or failure of your business.

Ideas for Promoting Your Company

Every successful company uses some sort of promotion to influence target audiences. The following are examples of cost-effective ideas -- the key is to find the methods that are appropriate for your business, marketplace and professional style.

- Newsletters. They demonstrate how much you know about your field and do it in a low-key, informative way. They can be distributed in schools, churches and community centers.
- Demonstrations. Demonstrations are an option to attract people to your place of business, show them how to best use your product, and establish your credibility.
- Premiums. Also called an advertising specialty, a premium is a gift of some kind that reminds your customer of you and your service. Examples include key chains, coffee mugs, refrigerator magnets, and baseball caps that have your company name and phone number.
- Samples. No matter what you do to promote your business, giving potential customers a sample is an excellent way to attract attention and make a positive impression.
- Say Thanks. One of the best ways to let customers know you value their business and encourage their continued patronage is also one of the easiest. Send a thank you in letters, mailers, surveys, statement stuffers, receipts, invoices and in person.

Buzz Marketing

Buzz marketing is the new catch-phrase that's getting rave word-of-mouth reviews according to the Wharton School of Business at the University of Pennsylvania. How to buzz? Gather a group of volunteers willing to try your new product and send them out to talk up their experiences with the people they meet every day. The more people see a product being used in public, or the more they hear about it from people they know and trust, the more likely they will be to buy it for themselves. Check it out and see if buzz marketing will work for you.

Word-of-Mouth Referrals

Even in today's media-driven world, there is no better form of advertising than word-of-mouth—a personal referral from someone whose opinions others trust and respect. Small business owners are among the biggest beneficiaries of work-of-mouth referrals, as they require no advertising or marketing budget.

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Marketing Your Web Site

1. Think strategically. Your Web site should be a part of your overall marketing plan.
2. Choose a Web site address (URL) that's intuitive and easy to remember. Your company's name (if it's short) or the name of your main product might work well.
3. Put your Web address on all your printed material, including business cards, letterhead, press releases and invoices. Include it in all your advertising.
4. Don't forget offline media and traditional publicity techniques. Send news releases promoting your site to newspapers, broadcasters, and magazines.
5. Speak at conferences and trade shows, and write informative articles for trade publications. When you do, mention your Web address.

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Advertising and Marketing on the Internet: Rules of the Road

The Internet is connecting advertisers and marketers to customers from Boston to Bali with text, interactive graphics, video, and audio. If you're thinking about advertising on the Internet, remember that many of the same rules that apply to other forms of advertising apply to electronic marketing. These rules and guidelines protect businesses and consumers and help maintain the credibility of the Internet as an advertising medium. As with other outlets, Internet advertising must tell the truth and claims must be substantiated. For more information contact the Federal Trade Commission, the federal government agency responsible for enforcing laws at www.ftc.gov.

Throughout the U.S., SBA and its resource partners are ready to support you in business by providing free, expert advice, business training and counseling, management assistance, and mentoring. Whether you are starting or growing a business, assistance is available in-person, online, or by telephone. Click on www.sba.gov to locate an SBA office or resource partner near you or to view online training options.

YOUR BUSINESS BUDDIES

Where to Get Expert Business Advice

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Networking for Success

Networking is an invaluable tool anyone in the business world can utilize. Effective networking can be your best form of marketing, as well as being extremely affordable. Networking happens at planned events or gatherings with the primary goal of connecting with others. The primary focus of networking is to meet people, and have people meet you. In other words, you have the opportunity to market yourself and your business in a relaxed, social situation. This often proves to be a comfortable situation for all involved.

A Mentor Can Help You Succeed

Mentoring is a term historically used to describe a teacher-student relationship. In the business world, mentoring occurs when a more experienced professional (the mentor) gives significant career assistance to a less-experienced professional (the protégé). Mentoring relationships are particularly helpful during a period of transition such as a new business launch, new product introduction or business expansion.

Find a Mentor Who's Right for You:

- Look for someone who has knowledge and business experience in areas you don't.
- Make sure the mentor you choose desires to be a mentor. A mentoring relationship requires consent by both parties.
- Look for what you can offer the mentor - make the relationship mutually beneficial.