Guide to Starting and Running a Business

Step 1: Decide what kind of entrepreneur you are.

Some people think of starting a business as taking a great leap. For others, it feels more like jumping off a cliff—without a parachute. Everyone views entrepreneurship a little differently, but the good news is that all kinds of entrepreneurs can find success. The key is to understand what kind you are and then make the most of your strengths. Before you dive into the serious stuff like business plans and legal forms, take some time to find out your entrepreneurial personality, and determine if you’re truly ready to start your own business.

1. Is Entrepreneurship for You?
http://www.sba.gov/smallbusinessplanner/plan/getready/SERV_SBPLANNER_ISENTFORU.html
Here’s a list of questions to ask yourself and important facts to be aware of before you take the plunge into entrepreneurship.

2. What’s Your Entrepreneurial Personality Type?
http://www.entrepreneur.com/startingabusiness/selfassessment/article84134.html
Are you a Go-Getter or a Collaborator? A Motivator or a Diplomat? Find out which of the seven common entrepreneurial personalities you identify with most, and learn how you can use your strengths to your advantage.

3. Are You Ready to Start a Business?
http://www.sba.gov/assessmenttool/index.html
This quick quiz from the U.S. Small Business Administration will help you assess how ready you are to become an entrepreneur.

Step 2: Dream up the business you want to own (or fine-tune the business idea you have).

Now that you’ve gotten in touch with your inner entrepreneur, let’s get down to business. More specifically, let’s get down to your business. What will you do? If you haven’t quite narrowed down what kind of business you want to start, that’s okay—there are lots of resources to help you come up with your perfect business idea.

And you might find that you don’t even need a perfect business idea of your own because you also have the options of buying an existing business or purchasing a franchise. (A franchise, by the way, is a unit of an existing business with an established product or service, such as a Subway sandwich shop or a Jiffy Lube oil change store.) Choosing what kind of business you want to start is one of the most important decisions you’ll make as an entrepreneur, so choose wisely! Here are some helpful places to start your research.

➢ Start an original business of your own.

1. Entrepreneur.com’s Business Ideas Page
Learn about businesses you can start in dozens of industries, and read articles on how to evaluate your business idea.
2. Small Business Ideas Complete List
   http://www.mysmallbiz.com/pg/pub/idea_listings.php
   If you’re looking for plenty of choices, this is the place to start. Find business ideas grouped by industry sector.

3. Vetting Your Idea
   http://www.businessweek.com/smallbiz/content/apr2006/sb20060418_453227.htm
   Business book writer Seth Godin shares straight advice on how to figure out if your business idea will fly—or flop.

4. How to Research Your Business Idea: A great business idea is only as good as the research behind it. Put your concept to the test with these helpful tips.

➢ Buy an existing business.

1. How to Buy a Business
   http://www.entrepreneur.com/startingabusiness/selfassessment/whattypeofbusinessshouldyoustart/article79638.html
   Who said you had to start from scratch? This comprehensive guide will tell you everything you need to know about picking up where someone else left off.

2. Top 10 Mistakes Made When Buying a Business
   Be aware of the most common pitfalls you might face when buying a business so you can steer clear of them.

3. What’s That Business Worth?
   http://www.bplans.com/bb/article.cfm/101
   Find out how to tell if you’re paying a fair price for a business.

➢ Buy a franchise.

1. Entrepreneur.com’s Franchise Zone
   http://www.entrepreneur.com/franchises/index.html
   If you’ve ever thought about buying a franchise, this is an ideal place to start. Browse hundreds of franchises in 17 categories, learn how to do your research, get tips on financing, and lots more.

2. Inc.com’s Guide to Buying a Franchise
   http://www.inc.com/guides/buy_biz/20674.html
   This guide offers useful tools, articles, and advice on everything that matters to potential franchisees.

3. The International Franchise Association
   http://franchise.org/default.aspx
   Want to learn more about the franchise industry as a whole and get up to speed with the franchise community? The IFA’s Web site will help you do just that.
4. FranchiseSearch.com
   http://www.franchisesearch.com/
   Here’s yet another site that can help you explore your many franchise options and find the right one for you.

**Step 3: Determine the right form for your business.**

A successful business requires more than just a great idea. You’ll also need to pick the right form for your business so you can maximize profits and minimize risks. If you haven’t given much thought to whether you’ll start a sole proprietorship, a partnership, a limited liability company, or a corporation, now is the time to evaluate the pros and cons of each form and decide which one will work best for your business. When answering this question, it’s usually a good idea to get some professional advice from a lawyer or an accountant. They’ll be able to give you details on how each business form will affect your taxes and personal liability.

Even if you already have a business, it never hurts to reevaluate your business form. As your business grows and changes, you’ll face new challenges and find that the form you started with just might not fit your business anymore. Don’t wait until you’re facing a lawsuit or a hefty tax bill to think about reorganizing your business!

1. Business Structure Basics
   http://www.entrepreneur.com/startingabusiness/startupbasics/businessstructure/article75118.html
   Learn about sole proprietorships, partnerships, corporations and limited liability companies, and find out how each form will affect your taxes and liabilities as a business owner.

2. Inc.com’s Choosing a Form for Your Business How-To Guide
   http://www.inc.com/guides/solo_business/20676.html
   You’ll find more in-depth articles about all the different business forms in Inc.com’s guide.

3. Choose a Structure
   http://www.sba.gov/smallbusinessplanner/start/chooseastructure/index.html
   The SBA offers some basic information on common business structures as well as those that are only available in certain states.

   http://www.entrepreneur.com/startingabusiness/startupbasics/businessstructure/article77730.html
   Wondering if your business should be a corporation? Investigate the advantages and disadvantages of this structure and find out how you can incorporate.

**Step 4: Write a business plan.**

With your idea in hand and your business form chosen, it’s time to roll up your sleeves and tackle what many would argue is the most important part of your new business—your business plan. Chances are you’ve probably never written a business plan before, and that makes it a daunting prospect. But think of it this way: When you put in the time and effort to craft a thorough, complete business plan, the rest of the
start-up process should be a piece of cake! That’s not to say you won’t run into unexpected hurdles, but you will have a road map to help you get over them.

So what exactly should be in your business plan? Well, there’s no such thing as a one-size-fits-all plan, but there are some elements that most experts agree are vital, including a description of the business, an evaluation of how the business will fit into the marketplace, and a financial analysis. These may sound like intimidating concepts, but with some careful research and planning, you’ll be able to elaborate on them and you’ll have a much clearer picture of how to operate your business. To get started, check out the following resources—and feel free to do as much research on your own as possible! You definitely don’t want to cut any corners when writing this vital document.

1. Essential Elements of a Good Business Plan
   http://www.sba.gov/smallbusinessplanner/plan/writeabusinessplan/SERV_ESSENTIAL.html
   Get an overview of the crucial points of any business plan.

2. Entrepreneur.com’s Guide to Writing a Business Plan
   http://www.entrepreneur.com/businessplan/index.html
   Find out what your business plan should look like, what each section should contain, and where you can go for more help.

3. Business Plan Feasibility Checklist
   Is your business plan realistic? Print out this evaluation checklist to see if it contains any invisible holes.

4. Sample Business Plans
   If you’re having trouble getting started, sometimes it helps to see what others have done before you. At this site, you can choose from more than 500 sample business plans in every category under the sun.

Step 5: Find capital to start your business.

If there’s one thing everyone agrees you need to start a business, it’s money. But how much? The answer is different for every new business. In your business plan, you probably did some financial projections at some point, and maybe you figured out that you’ll be able to start your business using money from your savings and credit cards. Or perhaps you realized you’ll need a bit more cash than you thought, so you’re planning to apply for loans. Whatever the case, you have to determine where your start-up capital will come from before you can move forward with your business.

This step could be as simple as cashing out a savings account or as complicated as launching a full-scale search for a venture capitalist (in which case you’ll need a very impressive business plan to showcase—see Step 4). The good news is that you have options. There are plenty of creative ways to finance your business on a shoestring.

The Small Business Administration offers many different kinds of loans to entrepreneurs; and there’s a huge network of venture capitalists looking for the right projects to fund all the time. But this is another
step where you don’t want to cut corners—an underfunded business probably won’t be a healthy business for long. Find out where your money will come from, and spend every penny wisely.

1. Finance Start-Up Basics
   http://www.sba.gov/smallbusinessplanner/start/financestartup/SERV_FINANBASICS.html
   The SBA can help you get started with a list of questions to ask yourself about financing, as well as an explanation of the differences between debt and equity financing.

2. 6 Sources of Bootstrap Financing
   http://www.entrepreneur.com/money/financing/selffinancingandbootstrapping/article80204.html
   If you don’t have a huge chunk of change in the bank, using your own money to finance your start-up might sound like a funny joke. But this article will show you how to make the most of what you’ve got and avoid debt traps.

3. Finance Help From the SBA
   http://www.sba.gov/smallbusinessplanner/start/financestartup/SERV_SBAROLE.html
   Looking for loans? The SBA should be your first stop. Here’s a rundown of the programs they offer to aspiring and existing business owners.

4. Financing: Where to Find It
   http://www.inc.com/guides/finance/23039.html
   Between angel investors, venture capitalists, government loans, and other types of loans, there are plenty of places to look for money during start-up. Find out more about your many options.

   http://www.businessweek.com/magazine/content/07_44/b4056441.htm
   Convincing people to invest in your business is no small feat, but with these four steps, you'll be wooing investors in no time.

6. Top 10 Lies of Venture Capitalists
   http://blog.guykawasaki.com/2006/01/the_top_ten_lie.html
   Pursuing venture capital is definitely not for the faint of heart. Serial entrepreneur and venture capitalist Guy Kawasaki gives entrepreneurs some insider insight on what venture capitalists really mean when they turn you down.

Step 6: Open Your Business!

After all your research and hard work, it’s finally time to open the doors to your business! This may feel like the end of a long, challenging process, but don’t forget that it’s also just the beginning of your new life as an entrepreneur. To help you get started on the right foot, we’ve put together lots of information on your main objectives as a new business owner. Some of these tasks, like hiring employees, might not be things you need to think about right away, but the resources will be here for you when you need them.

- Find customers.

Customers are the key to any business’s lasting success. Without them, you don’t really have a business at all! Marketing is a broad term that refers to the methods you use to draw customers in to your business, including doing research, branding, advertising, public relations, sales strategies, and
more. There are countless ways to market your business, including many tried-and-true methods and some more creative pursuits.

While you probably already have a few ideas for how you’re going to spread the word about your business, don’t be afraid to try new tactics and change your marketing mix until you find out what works best for you. If you’re not sure where to start, these Web sites should help you get on the right path.

1. 23 Hours to a Great Marketing Plan
http://www.entrepreneur.com/marketing/marketingbasics/marketingplan/article159816.html
This article breaks up the task of creating a marketing plan into manageable steps that you can tackle in a total of just 23 hours.

2. 100+ Marketing Ideas
http://www.sba.gov/smallbusinessplanner/manage/marketandprice/SERV_100MIDEAS.html
Nothing will get your marketing imagination going like a list of more than 100 ways you can market your business. Start small by sending handwritten thank-you notes, or go big by publishing a book—it’s up to you!

3. Inc.com’s Customer-Driven Marketing How-To Guide
http://www.inc.com/guides/marketing/20686.html
Find out more about generating referrals, word-of-mouth marketing, and gathering customer data with these articles from Inc.com.

4. Get a Great Logo
http://www.logoworks.com/?AID=1&PID=1&bid=45&aid=CD5&opt
How will you represent your business? A memorable logo is a key part of any good marketing plan. This site gives you access to professional designers who can create a winning logo for your business.

5. How Solid Is Your Brand?
http://www.businessweek.com/smallbiz/content/sep2007/sb20070914_261772.htm
Learn the “Big Six” characteristics of a strong brand, and see how your company's brand measures up.

6. How to Generate Publicity for Your Business
http://www.entrepreneur.com/marketing/publicrelations/article42738.html
Marketing isn’t all about spending big bucks on advertising. Here are some ways to grab the media’s attention and get them to spread the word about your business for you.

- **Hire and manage employees.**

Maybe you went into business because you wanted to be your own boss, and now you’re realizing that you might have to be someone else’s boss, too. Hiring and managing employees can be two of the most stressful aspects of owning a business, but there’s no way around them—finding the right people to help your business grow is critical to your success. Luckily, plenty of entrepreneurs have gone through this before you, and there’s no shortage of advice on the subject!
You’ll probably also find that experience is a great teacher, so don’t fret if you make a couple of bad hiring choices or management mistakes in the beginning. Just chalk them up to experience, and think about what you’ll do differently next time.

1. Hiring Your First Employee
   http://www.entrepreneur.com/humanresources/hiring/article83774.html
   If you’ve never hired anyone before, you’re probably wondering about the legal ins and outs of the process. This step-by-step guide is a good place to start.

2. Guide to Managing Employees
   The SBA offers some useful resources on everything from writing an effective job description to verifying a potential hire’s Social Security number.

3. Inc.com’s Human Resources How-To Guide
   http://www.inc.com/guides/hr/
   Find out more about the many aspects of hiring and keeping employees with this helpful collection of articles.

4. Should You Offer a 401(k) Plan?
   http://www.entrepreneur.com/humanresources/compensationandbenefits/article168316.html
   A 401(k) plan might sound like an expensive perk, but it can actually be very affordable—and it’s a great way to attract good employees and keep them around.

Step 7: Operating the business

Here are some helpful topics to help you run your business.

- Crunch the numbers.

Whether you’re a numbers nut or your calculator hasn’t seen the light of day since you left high school, running a business means you’re going to be dealing with numbers on a daily basis. Cash flow, liquidity, payroll, billing, taxes—these are just some of the calculations that will affect your bottom line. Of course, you don’t need to figure them all out yourself. A good accountant can be one of your business’s best assets. But ultimately, the responsibility to get the numbers right is still on your shoulders. Here are some resources for learning how to become master of your company’s financial universe.

1. A Basic Lesson in Cash Flow Management
   http://www.entrepreneur.com/money/moneymanagement/financialmanagementcolumnistpamnewman/article159784.html
   Whether you have an accountant or not, it’s crucial that you understand your business’s cash flow. Learn the basics here.

2. Financial Management
Take charge of your business by making a plan and controlling where your money goes.

3. IRS Small Business and Self-Employed One-Stop Resource
   Okay, so paying taxes may not be your favorite part of running a business, but at least the
   IRS has put together this guide to help you with any tax topic.

4. Small-Business Taxes FAQ
   http://www.inc.com/articles/2002/02/18955.html
   This list of frequently asked questions about small-business taxes might clear up some of
   your perplexing tax queries.

- **Stay out of trouble.**

   As a law-abiding, conscientious entrepreneur, you might think you don’t really need to worry too much
   about this objective. Staying out of trouble? Easy—just follow the rules, right? Well, sometimes the
   rules aren’t as clear as they seem. When you own a business, the stakes are high, and you can’t
   afford to waste precious time and money dealing with unforeseen legal issues.

   That’s why it’s important to make sure you have the right insurance coverage, airtight contracts,
   access to a good lawyer, and policies in place to mitigate any legal challenges your business might
   face. Get a handle on these important issues early on so there are no surprises later.

   1. Get Insurance
      http://www.sba.gov/smallbusinessplanner/manage/getinsurance/SERV_INSURANCE.html
      Do you need product liability insurance? How about key person insurance? Sort out your
      coverage with this overview of the different types of insurance businesses need.

   2. FindLaw for Small Business
      http://smallbusiness.findlaw.com/
      Looking for a little basic legal advice? FindLaw's directory of topics might have the
      information you're seeking.

   3. Entrepreneur.com Legal Issues Guide
      http://www.entrepreneur.com/startupbasics/legalissues/archive116046.html
      Here's another collection of articles on legal topics that apply to small businesses, including
      home-based companies, Internet businesses, and more.

   4. Helpful Tips for Hiring a Lawyer
      http://www.nfib.com/object/2943482.html
      Every small business will probably need to hire a lawyer at some point. These tips will help
      you find one that works for your business.

**Step 8: Plan for the future.**
With the launch of your business, you're probably seeing a major shift in your long-term goals. You worked really hard to get the business up and running, and you achieved that. Now what? Well, at some point, you'll probably want to expand your business. You can explore some ways to do that with the articles below.

Finally, while you're still basking in the warm glow of your new business, it probably seems impossible to think that you might part with it someday. But a strong exit plan is an important part of any successful business. Give some thought in the beginning to how long you'd like to stay with your company. Will the business continue without you? Do you want it to stay in your family, or do you plan to sell it for a profit someday? It's never too soon to start thinking about these questions and looking toward the future.

1. **7 Ways to Grow Your Business**
   Now that your business is off the ground, don't just sit there! Take it to the next level with these seven smart strategies.

2. **Financing Small Business Growth**
   [http://www.score.org/fc_4.html](http://www.score.org/fc_4.html)
   SCORE, a great resource for small-business owners, tackles the tough topic of finding the cash to make your business bigger.

3. **Taking Your Business to Market**
   Since many entrepreneurs consider their businesses their babies, putting your business up for sale can be a nerve-wracking experience. Follow these steps to find a buyer who will put your mind at ease.

4. **Planning Your Exit**
   The SBA breaks down the steps you'll go through to get out of business. You can also find further resources for selling your business, transferring ownership, and liquidating your assets.