



Are You Ready for Business?

The Small Business Administration estimates that roughly 600,000 new small businesses start out every year, without even taking into account the one-person entrepreneurships that begin almost daily. The Web has made expanding customer bases a global initiative, and evolving technology gives small business owners ever more resources for starting and maintaining an enterprise.

Getting Started: Before you open your doors, it's very important to assess whether you have an in-depth idea of what owning a business will entail. Are you ready for the switch to boss? Many people quickly answer "yes," without realizing the many hats they'll have to wear in that role. Remember, you will ultimately be the one with all of the responsibility, decision-making and much more. It's what drives some to start their own business, and what makes others think twice.

Funding: Most people are interested in the best ways to fund a new business. After all, few have the up-front capital necessary for start-up. There's no "right" way for each and every situation. However, there are some common paths you can take.

- **Savings and investments:** Using your own resources puts the business in your control. Should the business fail, you won't be held accountable to other lenders. Decide if there is any capital you have that you can put into the business.
- **Friends and family:** You may be treading on shaky ground by soliciting those you care about for funds. Some financial advisors abide by the rule of not doing business with family - don't mix business with pleasure. This is because it can cause an awkward situation come time for payback. Friends and families are "lenders," not "investors." They plan on seeing their money returned at some point.
- **Angel investors:** According to business man Tim Knox, an angel investor is typically a wealthy individual who invests in start-up ventures for a share of the ownership. Angel investors are usually the first formal investors in a business and provide the seed money to get the business up and running. Some angel investors will write you a check and leave you alone to run your business while others consider their investment a license to "help you" manage and make decisions.
- **Bank loans:** Bank loans can be difficult to come by because most lending institutions will require a proven track record and collateral, something you may not have if this is your first business venture. Many people choose to use the equity in their homes to finance the business if a bank loan has been declined. While risky, the interest rates are generally less than if you funded the venture entirely on credit cards.



Identifying Your Market: Many businesses fail because they do not narrow down their target market. Knowing your "niche" will allow you to better service your customers, providing for their unique needs.

Your Master Plan: You have to answer a number of other questions in order to open a business. These include, but are not limited to:

- What will be the business format (sole proprietorship, partnership, etc.)?
- How many employees will you have, if any?
- Do you have the technology and equipment available for everyday operations? If not, how do you acquire it?
- Who will you call in the event you need help?
- Have you outlined a business plan and set distinct goals for advancement?
- Do you have a back-up plan in the event the business hits a rough patch?
- Do you have the support of your immediate family?



After thinking about all of these factors you may be better equipped to answer the question of whether you're ready for business.

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