



# ON YOUR MARK . . .

**W**hy did you pick up this book? Perhaps you know you want to be an entrepreneur and take charge of your own life. You've already got a great idea for a business you're sure will be a hit. Or perhaps you think, somewhere in the back of your mind, that maybe you might like to start your own business but you're not sure what venture to start, what entrepreneurship is really like, and whether it's for you.

Whichever of these categories you fall into, you've come to the right place. In Part 1, "Think," we'll show you what it means to be an entrepreneur. Use our personal goals and objectives worksheet to decide if entrepreneurship is right for you. Don't have a business idea, or not sure if your idea will fly? You'll learn the secrets to spotting trends before they happen and for coming up with dozens of surefire business ideas. We'll also discuss various ways of going into business, including part- and full-time entrepreneurship. Finally, we'll show you the different options for startup, such as starting from scratch, purchasing an existing business, or buying into a franchise or business opportunity system.

Planning is key to every thriving business. In Part 2, "Plan," you'll learn just what you need to do to lay the groundwork for success. Find out how to pinpoint your target market, plus dozens of ways to do market research—from hiring experts to money-saving do-it-yourself tips. Since the name you choose can make or break your business,

## START YOUR OWN BUSINESS

we share plenty of techniques for coming up with the perfect moniker—one that will attract customers to your company in droves. And don't forget the nuts-and-bolts necessities like choosing a legal structure—corporation, partnership, sole proprietorship and more. You'll discover all the information you need to guide you through these often confusing steps to startup.

A business plan is your road map to success, guiding the growth of your business at every stage along the way. We'll show you how to craft a business plan that puts you on the fast track. Finally, find out why you need professional advisors to help you through your startup, and learn how to select an accountant and an attorney who can help you make money—without costing you a bundle.

Speaking of money, every entrepreneur knows that adequate startup capital is essential to success. But just where do you find that crucial cash? In Part 3, "Fund," we give you the inside scoop on getting the money you need, plus discover dozens of sources of capital. We will show you secrets to financing your business yourself, how to tap into the most common source of startup financing (family and friends), plus places you may never have thought of to look for money. We'll also introduce you to the idea of turning to the crowd for funding.

Do you stand a chance of getting venture capital or attracting private investors? You'll find out in this section. And if you're looking for a loan, look no further for the secrets to finding the right bank. We explain what bankers look for when evaluating a loan application—and how to make sure yours makes the grade. Seeking money from Uncle Sam? You'll learn all the details about dozens of loan programs from the government, including special assistance for women and minority entrepreneurs. Whatever your needs, you're sure to find a financing source that's right for you.

As they say, "there's no time like the present," so grab a cup of coffee, get comfortable, and let's start creating your business!

PART

1



# THINK

CHAPTER 1 **Introduction**

CHAPTER 2 **Taking the Plunge**

Get Ready to Be an Entrepreneur

CHAPTER 3 **Good Idea!**

How To Get an Idea for Your Business

CHAPTER 4 **Good Timing**

Should You Launch Your Business  
Part or Full Time?

CHAPTER 5 **Build It or Buy It?**

Starting a Business vs. Buying One

# Introduction

**W**ith the purchase of this book, you've taken your first step on the road to entrepreneurship. It's not a step to be taken lightly, which is why buying this book may be the smartest thing you'll ever do for your business.

*Start Your Own Business* can have a major impact on your life. We meet people all the time who tell us how this book or *Entrepreneur* magazine changed their lives—and few are sorry they took the leap into business ownership. Whether or not they have succeeded, almost no one regrets the journey.

*Start Your Own Business* is designed as a road map to help you plan a course for your own journey to business ownership. We're here to show you the best routes to take, help you avoid the potholes and road closures, and navigate the curves and detours.

## START YOUR OWN BUSINESS

Some will tell you that the journey you're about to take is a hazardous one—but not with us at your side! *Start Your Own Business* prepares you every step of the way. We're here to instruct and encourage you, to show you new ways to do things and remind you of the tried and true. You wouldn't go on an adventure without the proper gear. Think of *Start Your Own Business* as part of your entrepreneurship gear kit. Refer to it every step of the way, starting with how to get an idea for a business to finally opening the doors to your new venture. Along the way, we provide lots of forms, worksheets, and checklists you can actually use in your business to make sure you're on the right track.

Since business ideas, trends, and strategies constantly change, we strive to keep *Start Your Own Business* up-to-date. For the sixth edition, we've updated and revised (or expanded) every chapter and added a lot of new ones, too. In fact, Part 7, "Engage," is updated with new sections on social media campaigns and on building an incredible web presence that will get your idea noticed.

We start by showing you how to get visitors to your website, keep them there, and make sure they return for more. Next, we move on to social media marketing and networking. If you haven't jumped on the social media bandwagon yet, your business can't afford to be left behind. We show you how to use social tools to network with potential customers, and connect and engage with your audience, because in today's marketing landscape, that's how brands are built.

We have also added chapters on running your business virtually, using the latest smartphone, tablet, and computer technology to connect seamlessly, and on funding options that were never before available, such as crowdfunding platforms.

Many business resources and tip boxes (see examples on the next page) have been updated for the sixth edition.

Finally, there's an appendix that's chock full of resources with contact information. We list business associations, federal agencies, books, magazines, and other publications in areas ranging from advertising and marketing to accounting and taxes. We even provide internet resources and equipment manufacturers.

### aha!



Here you will find helpful information or ideas you may not have thought of before.

### tip



This box gives you ideas on how to do something better or more efficiently, or simply how to work smarter.

### warning



Heed the warnings in this box to avoid common mistakes and pitfalls.

### e-fyi



This box points you to the treasures of the internet for more information.

### save



Look for this box to provide valuable tips on ways you can save money during startup.

Starting your own business isn't as frightening or risky as some would have you believe. But it's a journey that shouldn't be taken alone—and that's why you bought *Start Your Own Business*. We're glad you've chosen us to take this exciting journey with you—you'll be a smarter traveler for it. Let the journey begin.

# Taking the Plunge

Get Ready to Be an Entrepreneur

**B**efore they get started, some people worry if they have what it takes to be an entrepreneur. If this is you, stop worrying. We firmly believe anyone with the desire and the initiative can be an entrepreneur. And since you purchased this book, it's likely you have both the desire and the initiative.

But just because you can be an entrepreneur doesn't mean that now is the right time to take the plunge. This chapter will help you determine if you're ready for entrepreneurship right now or if you should hold off for a bit.

## **The Entrepreneurial Personality**

Every year, hundreds of thousands of people start their own businesses. But while most succeed (yes, that's the truth!), many

### warning



If you have a family, make sure they understand the emotional and financial sacrifices business success requires. When your family doesn't support your business—if they're always saying, "Can't you leave that alone and come to dinner?"—it's going to be tough to make your business work. If your family isn't ready for you to become an entrepreneur, this may not be the right time to do it.

do fail. Why? One of the common causes of startup failure is lack of preparation.

People come to the entrepreneurial path from different directions. Increasingly, some start fresh out of college or after a stint at home raising their kids or simply because the idea of actually retiring is abhorrent to them. Most, though, come to entrepreneurship straight out of the work force. And many of them dabble in their would-be business before they take the plunge completely, testing ideas on the side, while maintaining a day job. Quitting a full-time job to start a business isn't something to be taken lightly. You should be sure now is the right time to get started. First, you need to ask yourself some questions: Do I have enough money? If you have a family, are they ready for this? Is there a need for a product or service like mine? Parts 1, 2, and 3

of this book will help you answer those questions.

### ***Full Steam Ahead***

Many successful entrepreneurs say a sense of urgency that made starting their businesses not just a desire but a necessity was their driving force. One entrepreneur's advice: "You'll know the time is right when you can honestly say 'I'll put my house, jewelry, and other personal collateral on the line to attain the startup money I need for the long-term rewards I deserve.'" We're not recommending you put up your home (though more than a few entrepreneurs started that way). But that willingness to risk everything likely means you're ready to start now.

What motivates potential entrepreneurs to stop daydreaming about business ownership and actually do something about it? While many people think one single incident—such as getting fired or being passed over for a promotion—is the impetus for becoming your own boss, most experts agree it's usually a series of frustrations that leads to entrepreneurship.



A fundamental desire to control their own destinies ranks very high on most entrepreneurs' lists of reasons for starting their own businesses. This need is so strong that entrepreneurs will risk family, future, and careers to be their own boss. Unable to feel truly fulfilled working for someone else, these individuals cannot be happy following someone else's plan or taking orders from a boss. They're often convinced that they have a better way, or an idea that would really revolutionize their industry—or at least their little corner of it—and working within a corporate structure is simply stifling that improvement.

But opportunity comes in many guises. It might be when potential customers start calling you, or perhaps a business in your area is failing and you know you can make it work. Or maybe you feel as if you're underemployed (working below your potential salary or your skill level) or not putting your skills and talents to their best use. Perhaps there's a need for the product or service you want to provide. Or you've simply figured out a better or a new way to do something.

### ***Reality Check***

Once you've made the decision to break away, there are several things you should do before taking the next step. Conducting thorough market research is a must. Make sure you have enough cash—not only for the business, but to sustain your life—and discuss the decision with your family. (You'll find out more about all these steps in Parts 1, 2, and 3 of this book.)

Remember, the rewards of small-business ownership are not instantaneous. You must be determined, patient, persistent, and willing to make sacrifices to ensure those rewards eventually do come.

You'll need to prepare for the responsibilities that come with business ownership. When things go wrong, the buck stops with you. You won't

#### **e-fyi**



Need inspiration? Check out [Ted.com/talks](http://Ted.com/talks) for inspirational talks on almost any topic, all advice and messages you can use to empower yourself to live the life you desire. While the site's subject matter covers everything from fitness to raising kids, its target audience is anybody with an entrepreneurial spirit. Speakers of all kinds—including many entrepreneurs—offer new ideas, inspiring thoughts, and powerful motivation.

have the luxury of going home at 5 o'clock while the boss stays all night to fix a chaotic situation. Someone whose only desire is to get rich quick probably won't last long owning his or her own business.

Through surveys and research, we know that successful entrepreneurs share some common personality traits, the most important of which is confidence. They possess confidence not only in themselves but also in their ability to sell their ideas, set up a business, and trust their intuition along the way. Small business is fiercely competitive, and it's the business owners with confidence who survive.

### Your Strengths and Weaknesses

It's rare that one person possesses all the qualities needed to be successful in business. Everyone has strong suits and weak points. What's important is to understand your strengths and weaknesses. To do this, you need to evaluate the major achievements in your personal and professional life and the skills you used to accomplish them. The following steps can help:

1. *Create a personal resume.* Compose a resume that lists your professional and personal experiences as well as your expertise. For each job, describe the duties you were responsible for and the degree of your success. Include professional skills, educational background, hobbies, and accomplishments that required expertise or special knowledge.

When complete, this resume will give you a better idea of the kind of business that best suits your interests and experience.

2. *Analyze your personal attributes.* Are you friendly and self-motivated? Are you a hard worker? Do you have common sense? Are you well-organized? Evaluating your personal attributes reveals your likes and dislikes as well as strengths and

#### e-fyi



There are more than 8,000 groups with nearly 2.4 million members worldwide dedicated to entrepreneurs on Meetup.com at [entrepreneur.meetup.com](http://entrepreneur.meetup.com). Find one that suits you and you can “meet up” with individuals or for entrepreneurial events, networking, support, and even socializing.

## >> From the Horse's Mouth

One of the best ways to determine if now is the best time to start a business is to meet with other entrepreneurs and see what they do and how they do it. Looking at their life and talking about entrepreneurship can help you figure out if you're ready.

Often when you talk to someone who's done it, they'll tell you all the negative things about owning a business, like the time they had to work a 24-hour day or when the power went out right as they were trying to meet a huge deadline. But those are the things you need to hear about before you get started.

In addition to meeting with successful entrepreneurs, you might want to talk to a few who weren't so successful. Find out what went wrong with their ventures so you can avoid these problems.

Many potential business owners find it useful to attend entrepreneurial seminars or classes. You can often find such courses at community colleges, continuing education programs near you, or online. Others seek assistance from consulting firms that specialize in helping small businesses get off the ground. There are associations and organizations, both private and public such as Service Corps of Retired Executives (SCORE) or the Small Business Development Centers that are eager to assist you. Don't hesitate to ask for assistance. These people want to help you succeed.

weaknesses. If you don't feel comfortable around other people, then a business that requires a lot of customer interaction might not be right for you. Or you may want to hire a "people person" to handle customer service.

3. *Analyze your professional attributes.* Small-business owners wear many different hats, but that doesn't mean you have to be a jack-of-all-trades. Just be aware of the areas where you're competent and the areas where you need help, such as sales, marketing, advertising, and administration. Next to each function, record your competency level—excellent, good, fair, or poor.

## Go for the Goal

In addition to evaluating your strengths and weaknesses, it's important to define your business goals. For some people, the goal is the freedom to do what they want when they want, without anyone telling them otherwise. For others, the goal is financial security.

Setting goals is an integral part of choosing the business that's right for you. After all, if your business doesn't meet your personal goals, you probably won't be happy waking up each morning and trying to make the business a success. Sooner or later, you'll stop putting forth the effort needed to make the concept work. When setting goals, aim for the following qualities:

- *Specificity.* You have a better chance of achieving a goal if it is specific. "Raising capital" isn't a specific goal; "raising \$10,000 by July 1" is.
- *Optimism.* Be positive when you set your goals. "Being able to pay the bills" isn't exactly an inspirational goal. "Achieving financial security" phrases your goal in a more positive manner, thus firing up your energy to attain it.
- *Realism.* If you set a goal to earn \$100,000 a month when you've never earned that much in a year, that goal is unrealistic. Begin with small steps, such as increasing your monthly income by 25 percent. Once your first goal is met, you can reach for larger ones.
- *Short and long term.* Short-term goals are attainable in a period of weeks to a year. Long-term goals can be for five, ten, or even 20 years; they should be substantially greater than short-term goals but should still be realistic.

### tip



Once you understand your strengths and weaknesses, there are three ways to deal with them: You can either improve in the areas where you are weak (by taking a class in bookkeeping, for example), hire an employee to handle these aspects of the business (for instance, hiring a bookkeeper), or outsource the tasks (such as contracting an outside company to do your bookkeeping). Outsourcing small tasks and one-off assignments to experts at reasonable rates has become much simpler with formal work-for-hire freelancer websites like Odesk.com.

There are several factors to consider when setting goals:

- *Income.* Many entrepreneurs go into business to achieve financial security. Consider how much money you want to make during your first year of operation and each year thereafter, up to five years.
- *Lifestyle.* This includes areas such as travel, hours of work, investment of personal assets, and geographic location. Are you willing to travel extensively or to move? How many hours are you willing to work? Which assets are you willing to risk?
- *Type of work.* When setting goals for type of work, you need to determine whether you like working outdoors, in an office, with computers, on the phone, with lots of people, with children, and so on.
- *Ego gratification.* Face it: Many people go into business to satisfy their egos. Owning a business can be very ego-gratifying, especially if you're in a business that's considered glamorous or exciting. You need to decide how important ego gratification is to you and what business best fills that need.

The most important rule of self-evaluation and goal-setting is honesty. Going into business with your eyes wide open about your strengths and weaknesses, your likes and dislikes, and your ultimate goals lets you confront the decisions you'll face with greater confidence and a greater chance of success.

### e-fyi



The Online Women's Business Center has a lot to offer women—and men, too—from answering questions about financing businesses or becoming an international company to finding a mentor. Check it out at [www.onlinewbc.gov](http://www.onlinewbc.gov), which is part of [sba.gov](http://sba.gov).

### Personal Goals and Objectives Worksheet

Setting goals not only gives you an ongoing road map for success, but it shows you the best alternatives should you need or desire a change along the way. You should review your goals on a regular basis. Many do this daily as it helps them assess their progress and gives them the ability to make faster and more informed decisions. Take a few minutes to fill out the following worksheet. You'll find this very helpful in setting and resetting your goals.

1. The most important reason for being in business for myself is:

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2. What I like best about being in business for myself is:

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3. Within five years I would like my business to be:

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4. When I look back over the past five years of my career I feel:

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Figure 2.1. Personal Goals and Objectives Worksheet

## Personal Goals and Objectives Worksheet

5. My financial condition as of today is:

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6. I feel the next thing I must do about my business is:

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7. The most important part of my business is (or will be):

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8. The area of my business I really excel in is:

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**Figure 2.1.** Personal Goals and Objectives Worksheet, continued

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