

Use this start-up checklist to cross off all the main points you'll need to cover before you start your new business.

Do you have a great business idea?

Have a great reason to take the plunge



- Write a great business plan
- Finding out why people will buy from you
- Understanding your market
- Lower the risk
- Find out everything you need to know
- Develop a sound business model
- Figure out the size of your potential market
- Identify potential suppliers

Is your idea financially feasible?



Conduct a break-even analysis

- Calculate the capital you need to start
- Secure enough capital to finance your business
- You can make a profit
- Investigate Government assistance
- Bootstrap your business start-up funding
- Make sure you'll be able to pay and be paid
- Price so you make a profit
- Create a cash-flow forecast

Can you compete?



Location s suitable

Identify competitors strengths and weaknesses Develop your competitive advantage

Making your business compliant



Licenses and permits obtained Business taxes understood Register for any state or local taxes Come up with a business name and register it Decide on a business structure International trade – regulations understood Bank accounts and accounting software set up Intellectual Property (IP) is protected Employer Identification Number (EIN) set up Set up a financial record keeping system Get advice from lawyer, accountant and advisers Obtain business insurance

Launch

Make everyone aware you exist

Join business association and local business groups

Create a great customer experience

Create credibility activities (social, blog, seminars)

Set up strategic alliances

Employ staff

Review all the above for final launch preparations



1. Do you have a great business idea?

Have a great reason to take the plunge

Ask yourself what's really motivating you to branch out on your own. It's important to make sure that you're taking the plunge for all the right reasons. Having a clear idea of your motivation can impact you further down the track and set you up for success.

Write a great business plan

A business plan is the blueprint for your business. It outlines your strategies and crystallizes your ideas. It'll give you a clear sense of direction, as well as providing a benchmark so you can measure your business progress.

Finding out why people will buy from you

When you're on the journey to start-up, you need to establish that there's a market for the type of product or service you plan to sell. Consider profiling your ideal customers to gain an accurate analysis of market potential.

Understanding your market

It's important to understand the market you're targeting, including your ideal customer and the size of the market you plan to enter. Gaining a good understanding of your target market and getting to know your potential customers well means you're better placed to sell to them.

Lower the risk

Once you understand the particular risks that relate to your business and industry, you will be in a much better space to reduce or remove so they don't cause any bumps along the way.

Find out everything you need to know

Ensure you take the time to research the wider marketplace before you start up, to check that your business can be sustainable long-term. Pay particular attention to any economic, social and industrial trends or changes that could impact on your business's future.

Develop a sound business model

How you intend to get to market is a critical decision to get right. The 'business model' revolves around how you will get paid. Will you sell direct, wholesale, or online? Will you charge by the hour, add a margin, charge commission or contract with set quotes?

Figure out the size of your potential market

Conducting accurate market research is the best way to find out how large your target market might be. Look at existing industry data combined with your own surveying and observing efforts.

Identify potential suppliers

Without competent and reliable suppliers' you may not be able to meet increasing demand for your offerings. Analyze the options available to you and have certain criteria to determine which one you choose. Make sure you have a back-up supplier if needed.



2. Is your idea financially feasible?

Conduct a break-even analysis

There's a quick and easy way to find out if your idea is financially feasible, and it's called a break-even analysis. Simply put, it's a way to work out if you'll generate enough revenue in sales to cover all your costs, without first showing a profit.

How much capital do you need to start, and how will you access it?

You've got two sets of costs to consider – start-up and working capital. Start-up is what it's going to cost you to actually get the business up and running. Working capital is much it's going to cost to keep your business running until you think you'll break even, and then start to show a profit.

Secure enough capital to finance your business

Make sure you have arranged enough financing to operate your business until it begins to make a profit. Consider all options such as loans from your bank, personal savings, investments from family and friends, finding a business partner, and even angel investment.

Can you make a profit?

To help you identify sales and expense fluctuations each month, generate a cash flow forecast. Try to be as accurate as possible with your figures. It's worth putting some time and careful thought into getting these figures right as this forecast is usually the focus for banks and anyone reviewing your business financials.

Can you make use of Government assistance?

Starting a business requires capital so it makes sense to benefit from grants and incentives whenever you can. With financial assistance from the Government and other organizations, your business can not only achieve a successful launch, but in terms of later growth you can develop new products, become more energy efficient, and increase your workforce. The main grants available are covered by the <u>US Small Business</u> <u>Administration</u>.

Bootstrap your business start-up funding

Some business owners decide to bootstrap their entire start-up phase. What this means is doing it all on a shoestring, cutting costs as much as possible, getting by with the bare minimum and avoiding borrowing. If you've got some cash behind you, and your business isn't one that requires a lot of equipment, staff or facilities, then bootstrapping the start-up phase can be an option.

Making sure you'll be able to pay and be paid

It's important to set up good payment options for your customers. If you're in retail, Point of Sale and card options are essential. The same goes for service-based businesses, except that in that case you can also look at mobile payment options, since customers like paying on the spot for a job well done.

Price so you make a profit

If your business is to succeed, your prices must cover the cost of producing your goods or services, plus generate a profit. Your earlier market research will have given you an indication of what prospective customers are prepared to pay.

Create a cash-flow forecast

A cash-flow forecast helps you predict exactly if you will have spare cash each month, or will you be in debt and need funding? A cash-flow forecast will help you manage the cash coming in and going out of your business. You can compare the income you're expecting to receive every month with the costs and expenses you're expecting to face and make adjustments.



3. Can you compete?

Who are your competitors and what are their strengths and weaknesses?

You'll be able to better assess who you're up against and develop effective tactics to gain customers by knowing as much about your key competitors as possible.

Developing your competitive advantage

Once you know what your competitors are offering, you can compare your similarities and differences to identify your points of difference, and then develop these into a compelling competitive advantage.

Your competitive advantage is what you do better than anyone else.

Location

Unless you're selling online, deciding where to locate your business is a crucial decision. What are the critical factors for your business? Do you have a destination business or a foot and vehicle traffic dependent business where you need to be highly visible? It's also important to note where your competitors are in relation to you. 4. Making your sure your business is compliant

Licenses and permits

What you'll need depends on what kind of business you're running. Visiting your local council, industry association or regulatory body is the best way to find out what particular licenses or permits you'll need for your business. <u>Use this SBA link to find licenses and</u> <u>permits in your state</u>.

Business taxes

The federal government (the IRS, specifically) has four basic types of business taxes: income tax, selfemployment tax, taxes for employers, and excise taxes. The way your business is set up will determine which income tax form you need to use.

Register for any state or local taxes

You'll also have state or local taxes to pay depending on your business type and its location. <u>Determine</u> <u>your state tax obligations</u> through this link on the SBA website.

Come up with a business name and register it

The very first thing potential customers are going to remember about you is your name, because it's the first contact they have with you. What you decide to name your business will set the tone for how you're subsequently viewed in the business world, by both customers and your competition. Take a look at the <u>Small Business Administration (SBA) website</u> on registering a business name for more information.



Decide on a business structure

This is important not just for how you work now but also the way you want to work in the future. In the US, there are four main types: Sole proprietor, Partnership, Corporation and Limited Liability Company (LLC). The SBA website has a good <u>overview on how to choose</u> your business structure.

International trade - importing and exporting

If you're planning to export your product overseas, or you're thinking of importing goods or raw materials, there'll be several regulatory issues, as well as tariffs, you'll need to be aware of. Research how customs in your target export country treat the products (or makeup of the products) you'll be exporting.

Insurance, bank accounts and accounting software

To make sure your business launch, and subsequent management go smoothly, make sure you have the tools in place to deal with administrative tasks. Business bank accounts should be separate from your personal banking accounts.

Intellectual Property Protection (IP)

If you've invented something, you may have intellectual property to protect. Your business name and logo also have potential value as they could get you recognized in the marketplace. The United States Patent & Trademark Office (<u>USPTO</u>) has useful information about protecting your trademark, patents, copyright, and designs.

Employer Identification Number (EIN)

This is a 9-digit number that the IRS uses to identify you as a business. There are exceptions, but in general terms, most businesses need one. The <u>IRS website</u> has a section that explains applying for an EIN in more detail and how to apply.

Set up a financial record keeping system

Ensure your business's finances are kept track of and well organized. Think about hiring an accountant or bookkeeper if managing finances isn't a personal strength. Accounting software, an invoicing system, and cash flow tracking can help.

Get advice from your lawyer, accountant and advisers

To help you set up your business and understand your tax obligations, it's a smart idea to employ the services of an accountant from day one. You'll also need the services of a lawyer when starting up. And it can't hurt to seek the counsel of advisers you trust.

Obtain business insurance

Safeguard your business against theft, flooding, loss of key people, accidents and injury, and property with the right insurance. Find out what <u>types of business</u> <u>insurance</u> you'll need on the SBA website.



5. Creating a marketing plan and launch

Make everyone aware you exist

To market your business effectively you'll need a clear understanding of why customers buy from you, as well as knowing who your existing and prospective customers are. Get your message across to potential customers by creating a marketing and promotional plan.

Use accounting software to keep accurate records

Running a small business is demanding on your time. By integrating the right accounting software into your business processes, you can save a lot of time on accounts while keeping accurate records. Your software should also be able to generate reports, send invoices and assist with payroll.

Join your business association and any local business support groups

It's helpful to get specific industry advice and support when starting up your new business. Extra experience and services can help guide your business in the right direction. Consider joining the <u>US Chamber of</u> <u>Commerce</u> and see how the <u>US Association for Small</u> <u>Business and Entrepreneurship</u> (USASBE) can help.

Create a great customer experience

Develop reasons for customers to come back and buy from you again. Good value and outstanding service are two keys to customer retention and repeat sales but keep searching for more ways to lock in customers, such as loyalty schemes, providing unexpected extras, or offering special privileges.

Word of mouth is the most powerful marketing tool you can make use of, and it's free.

Increase your credibility

It's important to appear credible to your customers, so that they trust you and that you know what you're doing. Use social media platforms to advertise your experience, as well as any customer testimonials you may have available.

Strategic alliances

A strategic alliance is a cooperative agreement where companies come together for a specific duration and/ or project and add value to each other through the alliance. Resources, skills and/or capital are pooled for mutual gain.

Employ staff

Once you start your business, there is a high chance that you will need employees to assist you. Regardless of when you need to hire, there are certain steps you should take to make it easier to get them on board and up to speed with your requirements. Spend time thinking about your requirements and deciding what your new employee will be required to do.

Final launch preparations

Armed with your business plan, your financial and legal documents and any other necessary paperwork, make time to sit down with your small business banking advisor, your accountant and your lawyer. Go through each of these steps with them individually, as they will pinpoint anything you've missed, and will have advice about each stage.



Notes

Note

This is a guide only and should neither replace competent advice, nor be taken or relied upon as financial or professional advice. Seek professional advice before making any decision that could affect your business.