

Thinking of starting your own business? Before you quit your day job.... Here are some critical issues and questions to consider.

1. Make sure you can identify exactly what business you want to be in. Be specific. Write out your business idea on a sheet of paper and then add all the related business products or services you can think of. Usually, the more you can specialize, the better chance you have of being successful. Do you have a special expertise related to any aspect of this business?
2. Have you worked for a company in this field? If not, what education or experience will you need before you can succeed against the competitors in this field? If you are working for a company in this field, is this an expansion into a different market? If so, would your current employer consider financing the business with you taking the reins as the new venture's manager?
3. Do you really enjoy doing this? Are you willing to stick it out working 40-60 hour weeks until you reach a break-even point? Will you need extra capital to cover your living expenses? Is it something you can do part time to build up the business before you have to quit your job? Are you sure you have the mental toughness to run your own business? It isn't for everyone.
4. What is your unique selling proposition? (USP) What makes your service or product special? Are you trying to market a superior product or service at a fair price? Or will you be marketing the same product as other competitors (a commodity) at a cheaper price? If you are marketing a commodity make sure you understand everything about its production and delivery before assuming you can do it cheaper or quicker than long time competitors. Consider working in this field to learn all the hidden details before you sink your capital into a commodity type sales venture.
5. Who are your real customers? Sometimes this isn't as obvious as it seems. The end user may purchase your product because it is provided by another vendor, or recommended by another professional. Who's the real decision maker in your marketing equation? How will you target your marketing efforts?
6. Have you been able to test market the product or service? If not, how do you know what customers will be willing to pay for the product or service? What are the industry trends? In other words, is there an expanding market for your intended product or service? Is there research data available to support your assumptions about the potential market for your product?
7. Who are the major competitors in your market? What are their strengths and weaknesses? Is there a niche market they aren't reaching? Is there a weakness you can exploit?
8. Have you prepared a cash flow projection for the first year? Be thorough and realistic. What's the maximum cash draw down you'll face before the business reaches a breakeven point? Make sure you include your monthly living expenses. What level of sales will you need to break-even? Is it possible to keep your current job while you build up enough sales to get you to break-even point? The best start up capital is existing sales.
9. What are your location options? Are there regulatory requirements applicable to your business that will require major up-fits to the location? Consider all zoning, permit, and employee safety laws, as well as accessibility to the handicapped and parking availability. Carefully map out all the logistical space needs for your business.

You may notice that many of these issues are directly related to the topics addressed in a typical business plan. That's because the business plan is essentially an organized documentation of the various issues you will have worked out in your own mind before deciding that your idea has real potential. It formally lays out your "proof of feasibility" in a standard format.

Now that you're familiar with some of the topics addressed in the business plan, it's time to take your idea from the talking stage to implementation. The first step is to prepare a written business plan.

You can download a plan outline from the Small Business Coach section of the site. It's in MS Word so you can use it to organize your plan. There's also a simple 12 month cash flow projection spreadsheet in MS Excel format. Use it to project your first year cash needs.

Need to prepare a more formal plan for your banker or investors? Send us an email. I can help you prepare a plan or direct you to more comprehensive self help resources and inexpensive business planning software.

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