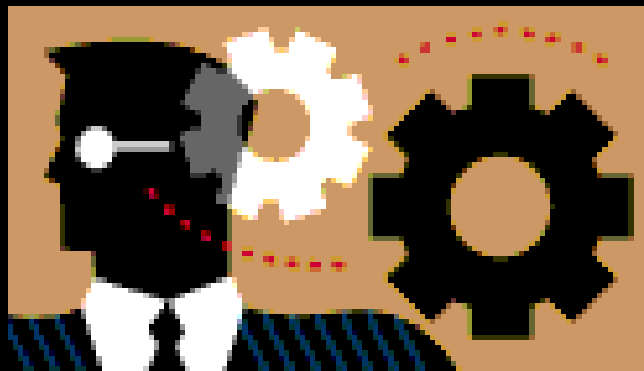


STARTING A BUSINESS



TEXAS COUNCIL ON
ECONOMIC EDUCATION

Starting a Business



THINK IT THROUGH!

Starting a Business



MONDAY
JUNE 18, 2007
HOUSTON CHRONICLE
chron.com

BUSINESS

THE WORKPLACE

ADVICE: PERSONAL FINANCE

Starting a small business has risks, big rewards

Q I long to own my own business, but I don't know where to begin. Others keep pointing out to me the risks entailed in being self-employed. What's your perspective and advice?

A Sure, there are risks in starting your own business, but as the millions of people who are fired and laid off every year in the corporate world are painfully aware, being an employee is hardly low risk. As an employee, you generally have less control over your work and in larger organizations, your efforts might not be as well noticed or rewarded. If you lose your job, your income is immediately reduced to zero, whereas if you were self-employed, it would be unusual to lose all your work and income at once.

On the reward side, many people have built substantial wealth through small business. According to *Forbes* magazine, more of the world's wealthiest individuals have built their wealth through their stake in small businesses than through any other vehicle.

You can participate in small business in a variety of ways. You can start your own, buy and operate an existing business or invest in promising small businesses.

If you have the self-discipline and a product or service you can sell, starting your own business can be both profitable and fulfilling. Consider first what skills and expertise you possess that you can use in your business.

You don't need a "startup" type experience where a totally new idea comes to you. Millions of people operate successful businesses such as dry cleaners, restaurants, janitorial preparation companies and so on that are hardly unique.

Start exploring your idea first by developing a written business plan. Such a plan should detail what your product or service will be, how you will market it, who your expected customers and competitors are, and what the economics of the business are, including the start-up costs.

If you don't have a specific product or service you desire to sell but are skilled at managing and improving the operations of a company, buying a small business might be for you.

Eric Tyson, author of Investing for Income and Personal Finance for Dummies, can be reached at eric@erictyson.com

Starting a Business



- Why
- What
- How
- When and Where
- Results

Starting a Business



- Opportunity Recognition
- Individual Skills and Knowledge
- Business Structure
- Business Plan
- Market
- Competition
- Financials

Opportunity Recognition

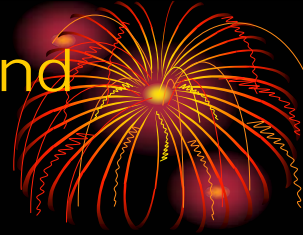


What Will the Business Be?

- Product or Service:
 - Personal Likes
 - Personal Needs
 - Yellow Pages
 - Family Input
 - Financial Gains

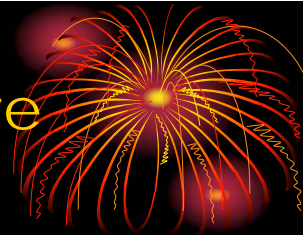
Individual Skills and Knowledge

- Education
- Hobby
- Work Experience



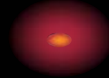
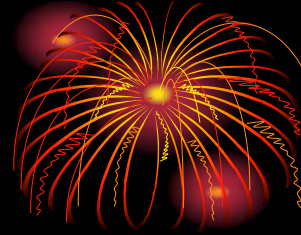
Business Structure

- Sole Proprietorship
- Partnership
- Corporation



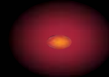
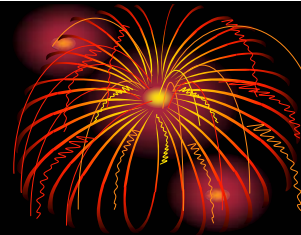
Business Plan

- Executive Summary
- Description of Business
- Description of Business Personnel
- Description of Market
- Market Plan
- Financials

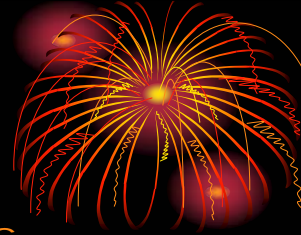


Business Plan

- Executive Summary
 - The Idea
 - Who, What, How
 - Market
 - Competition
 - Financials



Business Plan



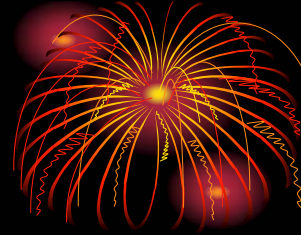
- Description of Business
 - Owner's Name
 - Description of Goods/Services to Be Sold
 - Why It Will Succeed
 - Form of Business
 - Location / Hours

Business Plan



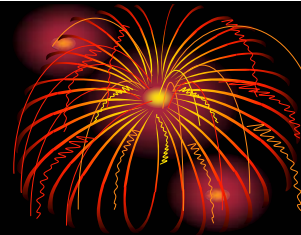
- Description of Business Personnel
 - Job Titles/Responsibilities for All
 - Skills and Experience of Everyone
 - Outside Experts/Specialists

Business Plan



- Description of Market
 - Marketplace
 - Demographics of Target Market
 - Competition
 - Customers, Customers, Customers

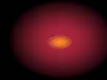
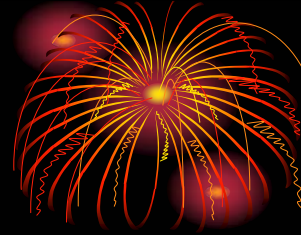
Business Plan



- Market Plan
 - Focus of Advertising and Promotion
 - Promotional Strategy
 - Marketing Tools
 - Sales Methods

Business Plan

- Financials
 - Pricing
 - Start-up Costs
 - Product/Operating Expenses
 - Break-even Point
 - Assets and Liabilities
 - Owner's Equity
 - Cash Flow Analysis



The Idea

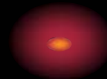
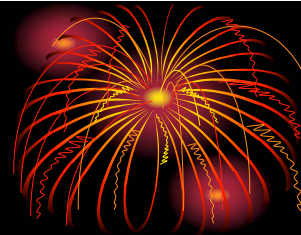
- Is It Feasible?
- Will Others Purchase It?

You

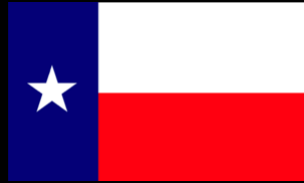
- Can You Do It? (Skills, etc.)
- Are You Willing To? (Opportunity Costs)

The Market

- Will The Market Embrace It?
- Will It Be Profitable?



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