

## Checklist For Starting A Business

### Summary

Thinking of owning and managing your own business? It's a good idea--provided you know what it takes and have what it takes.

Starting a business is risky at best; but your chances of making it go will be better if you understand the problems you'll meet and work out as many of them as you can before you start.

Here are some questions and work-sheets to help you think through what you need to know and do. Check each question if the answer is YES. Where the answer is NO, you have some work to do.

### Before You Start

#### How about You?

Are you the kind of person who can get a business started and make it go? (Before you answer this question, use worksheet number 1.)

Think about why you want to own your own business. Do you want to badly enough to keep you working long hours without knowing how much money you'll end up with? Have you worked in a business like the one you want to start? Have you worked for someone else as a foreman or manager? Have you had any business training in school? Have you saved any money?

#### How about the money?

Do you know how much money you will need to get your business started? (Use worksheets 2 and 3 to figure this out.) Have you counted up how much money of your own you can put into the business? Do you know how much credit you can get from your suppliers--the people you will buy from? Do you know where you can borrow the rest of the money you need to start your business? Have you figured out what net income per year you expect to get from the business? Count your salary and your profit on the money you put into the business. Can you live on less than this so that you can use some of it to help your business grow? Have you talked to a banker about your plans?

#### How about a partner?

If you need a partner with money or know-how that you don't have, do you know someone who will fit--someone you can get along with? Do you know the good and bad points about going it alone, having a partner, and incorporating your business? Have you talked to a lawyer about it?

#### How about your customers?

Do most businesses in your community seem to be doing well? Have you tried to find out whether stores like the one you want to open are doing well in your community and in the rest of the country? Do you know what kind of people will want to buy what you plan to sell? Do people like to live in the

area where you want to open your store? Do they need a store like yours? If not, have you thought about opening a different kind of store or going to another neighborhood?

(Questions continue after Worksheets No. 1 and 2.)

#### Worksheet No. 1

Under each question, check the answer that says what you feel or comes closest to it. Be honest with yourself.

Are you a self-starter?

\* I do things on my own. Nobody has to tell me to get going. \* If someone gets me started, I keep going all right. Easy does it. I don't put myself out until I have to.

How do you feel about other people?

\* I like people. I can get along with just about anybody. \* I have plenty of friends--don't need anyone else. Most people irritate me.

Can you lead others?

\* I can get most people to go along when I start something. \* I can give the orders if someone tells me what we should do. \* I let someone else get things moving. Then I go along if I feel like it.

Can you take responsibility?

\* I like to take charge of things and see them through. \* I'll take over if I have to, but I'd rather let someone else be responsible. \* There's always some eager beaver around wanting to show how smart he is. I say let him.

How good an organizer are you?

\* I like to have a plan before I start. I'm usually the one to get things lined up when the group wants to do something. \* I do all right unless things get too confused. Then I quit. \* You get all set and then something comes along and presents too many problems. So I just take things as they come.

How good a worker are you?

\* I can keep going as long as I need to. I don't mind working hard for something I want. I'll work hard for a while, but when I've had enough, that's it. \* I can't see that hard work gets you anywhere.

Can you make decisions?

\* I can make up my mind in a hurry if I have to. It usually turns out O.K., too. \* I can if I have plenty of time. If I have to make up my mind fast, I think later I should have decided the other way. \* I don't like to be the one who has to decide things.

Can people trust what you say?

\* You bet they can. I don't say things I don't mean. I try to be on the level most of the time, but sometimes I just say what's easiest. \* Why bother if the other fellow doesn't know the difference?

Can you stick with it?

\* If I make up my mind to do something, I don't let anything stop me. \* I usually finish what I start--if it goes well. If it doesn't go right away, I quit. Why beat your brains out?

How good is your health?

\* I never run down! \* I have enough energy for most things I want to do. \* I run out of energy sooner than most of my friends seem to.

Now count the checks you made.

How many checks are there beside the first answer to each question? How many checks are there beside the second answer to each question? How many checks are there beside the third answer to each question?

If most of your checks are beside the first answers, you probably have what it takes to run a business. If not, you're likely to have more trouble than you can handle by yourself. Better find a partner who is strong on the points you're weak on. If many checks are beside the third answer, not even a good partner will be able to shore you up.

Now go back and answer the first question.

### Worksheet No. 2

Estimated Your estimate Your estimate What to put in Monthly of monthly of how much column 2  
Expenses expenses based cash you need (These figures are on sales of to start your typical for one kind  
\$ \_\_\_\_\_ business of business. You will per year (See column 3) have to decide how many  
months to allow Item for in your business)

	Column 1	Column 2	Column 3	Salary
of owner-manager	\$\$ 2 times column 1			
All other salaries & wages	3 times column 1			
		Rent	3 times column 1	
		Advertising	3 times column 1	
		Delivery Expense	3 times column 1	
		Supplies	3 times column 1	
		Telephone and Telegraph	3 times	
column 1		Other Utilities	3 times	
column 1		Insurance Payment required		
by insurance company				Taxes, incl.
Social Security	4 times column 1			

Interest 3 times column 1 ----- Maintenance  
 3 times column 1 ----- Legal and other  
 professional fees 3 times column 1 -----  
 Miscellaneous 3 times column 1 -----  
 Starting Costs You Have to Pay Only Once Leave column 2 blank  
 ----- Fixtures and Fill in worksheet  
 equipment 3 and put total here -----  
 Decorating and Talk it over with a redecorating contractor  
 ----- Installation of Talk to suppliers from  
 fixtures & equipt who you buy these -----  
 Starting Suppliers will help inventory you estimate these  
 ----- Deposits with Find out from public  
 utilities utility companies ----- Legal and  
 other Lawyer, accountant, professional fees and so on  
 ----- Licenses and Find out from city offices  
 permits what you have to have -----  
 Advertising and Estimate what you'll use promotion for opening  
 ----- Accounts receivable What you need to  
 buy until credit customers pay ----- Cash  
 For unexpected expenses or losses, special purchases  
 ----- Other Make a separate list and enter  
 total ----- Total Estimated Cash You Need  
 To Start Add up all the numbers in column 2  
 -----

## Getting Started

### Your building

\* Have you found a good building for your store? \* Will you have enough room when your business gets bigger? \* Can you fix the building the way you want it without spending too much money? \* Can people get to it easily from parking spaces, bus stops, or their homes? \* Have you had a lawyer check the lease and zoning?

### Equipment and supplies

\* Do you know just what equipment and supplies you need and how much they will cost? (Worksheet 3 and the lists you made for it should show this.) \* Can you save some money by buying second hand equipment?

### Your merchandise

\* Have you decided what things you will sell? \* Do you know how much or how many of each you will buy to open your store with? \* Have you found suppliers who will sell you what you need at a good price? \* Have you compared the prices and credit terms of different suppliers?

### Your records

\* Have you planned a system of records that will keep track of your income and expenses, what you owe other people, and what other people owe you? \* Have you worked out a way to keep track of your inventory so that you will always have enough on hand for your customers but not more than you can sell? \* Have you figured out how to keep your payroll records and take care of tax reports and payments? \* Do you know what financial statements you should prepare? \* Do you know an accountant who will help you with your records and financial statements?

#### Your store and the law

\* Do you know what licenses and permits you need? \* Do you know what business laws you have to obey? \* Do you know a lawyer you can go to for advice and for help with legal papers?

#### Protecting your store

\* Have you made plans for protecting your store against thefts of all kinds--shoplifting, robbery, burglary, employee stealing? \* Have you talked with an insurance agent about what kinds of insurance you need?

#### Buying a business someone else has started

\* Have you made a list of what you like and don't like about buying a business someone else has started? \* Are you sure you know the real reason why the owner wants to sell this business? \* Have you compared the cost of buying the business with the cost of starting a new business? \* Is the stock up to date and in good condition? \* Is the building in good condition? \* Will the owner of the building transfer the lease to you? \* Have you talked with other business owners in the area to see what they think of the business? \* Have you talked with the company's suppliers? \* Have you talked with a lawyer about it?

#### Making It Go

##### Advertising

\* Have you decided how you will advertise? (Newspapers--posters--handbills--radio--mail?) \* Do you know where to get help with your ads? \* Have you watched what other stores do to get people to buy?

##### The prices you charge

\* Do you know how to figure what you should charge for each item you sell? \* Do you know what other stores like yours charge?

##### Buying

\* Do you have a plan for finding out what your customers want? \* Will your plan for keeping track of your inventory tell you when it is time to order more and how much to order? \* Do you plan to buy most of your stock from a few suppliers rather than a little from many, so that those you buy from will want to help you succeed?

##### Selling



-----+-----+-----+-----+-----+----- Delivery  
equipment ||||| if needed ||||| -----  
+----- Total Furniture, Fixtures, and Equipment (Enter this figure also in | worksheet 2  
under "Starting Costs You Have To Pay Only Once." ) !\$  
-----