



# Basics for Beginning a Business

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# Entrepreneurship:

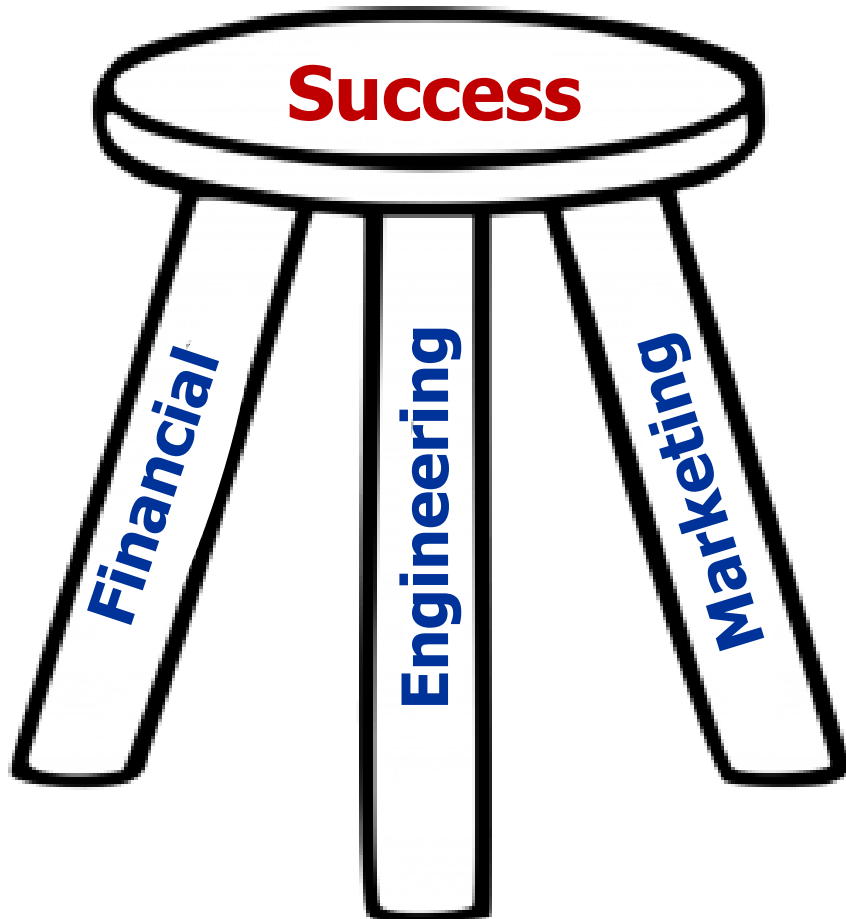
## Two Main Jobs

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- Risk Taker

- Market Finder

# Three legged stool of business success



Three things successful small business need

- **Financial Knowledge**
  - Do you know how to calculate your cost?
  - Do you know to keep records?
  - Do you know what your records say?
- **Engineering Expertise**
  - Do you technically know how to make or deliver your product.
- **Marketing Skill**
  - Do you know how to identify customers?
  - Do you know how to reach customers?
  - Do you know what those customers want?



# Is Entrepreneurship For You?

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- Are you a self-starter?
- How well do you get along with different personalities?
- How good are you at making decisions?
- Do you have the physical and emotional stamina to run a business?
- How well do you plan and organize?
- Is your drive strong enough to maintain your motivation?
- How will the business affect your family?



# On the Upside

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- You get to be your own boss.
- Hard work and long hours directly benefit you, rather than increasing profits for someone else.
- Earning and growth potential are far less limited.
- A new venture is exciting.
- Running a business will provide endless variety, challenge and opportunities to learn.



# Top Ten Reasons for Small Business Failure

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1. Lack of experience
2. Insufficient capital
3. Poor location
4. Poor inventory management
5. Over-investment in fixed assets
6. Poor credit arrangements
7. Personal use of business funds
8. Unexpected growth
9. Competition
10. Low Sales



# Types of Business

*HOW DO YOU CALCULATE COST?*

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- Service
- Merchandising
- Manufacturing



# Business Organizations

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- Sole Proprietorship
- Partnership
- Corporation
- Limited Liability Company





# Common Business Sense

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- First Things to do when starting a business:
  - Determine the Cost
  - Estimate the number of customers
  - See if the projected revenues are more than the cost.
- The price is always between the least you will take and the most the customer will pay.
- Location is not important...locating customer is.
- Customer Service is an attitude not an activity.
- Find a Need and Fill It.
- Advice is always free...choosing good advice is valuable.
- Prepare for the worst case scenario...if you can survive the worst you can thrive with the best.

# Dynamic of Planning

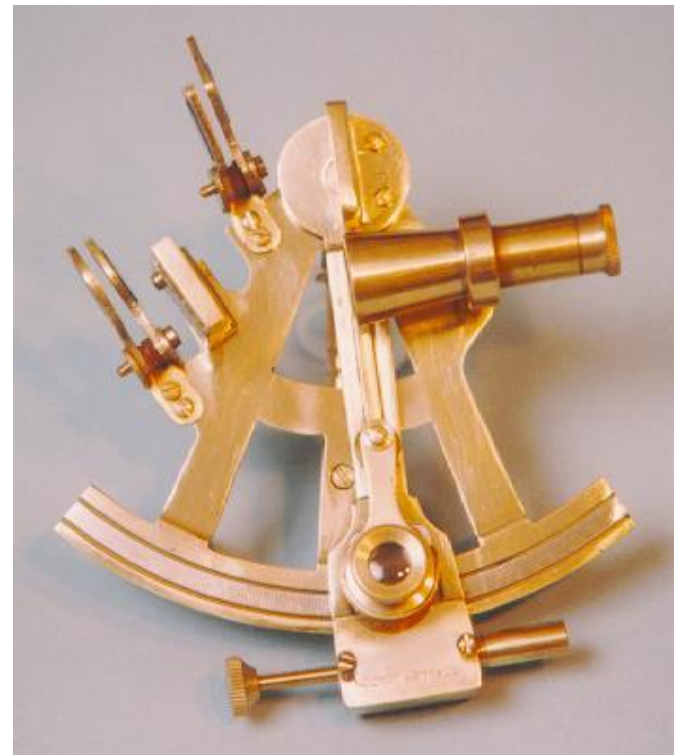


1. Where are we now?
2. Where do we want to be?
3. How do we get there?

# Situational Analysis

Objectively look at:

- **The Past**
- **Strengths**
- **Weaknesses**
- **Resources**
- **Attitude**
- **Intelligence**
- **Reputation**



Where are we now?

Goals are like a compass which guides a ship.

# Goal Setting

Goals should be:

**Specific**

**Measurable**

**Attainable**

**Relevant**

**Timed**



**Written goals help keep businesses on track!!!**

# Strategies and Tactics

*The most important part of planning is HOW*



P-51 Mustang



B-29 Superfortress

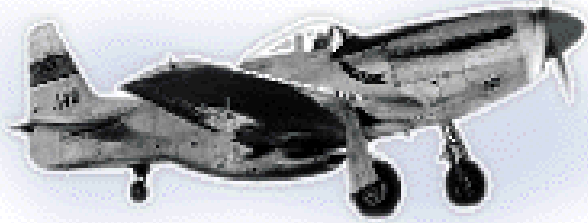


# Strategies

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- Long term use of resources
- Factors influencing success/failure
- Use strengths
- Improve weaknesses
- Commitment to the long-term goal



# Tactics

- Daily actions that support strategies
- Demonstrations of what's important
- Do the little things (Tactics) to accomplish the big things(Goals)
- Decide what you want to do (Goals), then decide what needs to be done (Tactics)

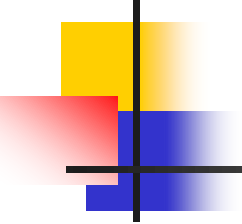


# Tools of Business Planning

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- Financial Statements
- Pro Forma Income Statements
- Break-even Analysis
- Cash Flow Statements
- Ratio Analysis
- Pricing Formulas and Policies
- Operating Policies
- Job Descriptions





# Gordon Cooper's Business and Entrepreneurial Program

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- Initial Consultations
- Workshops
- Individual Consultations
- Business Issue Seminars