


It's your business

a business



Every year thousands of new businesses are started by optimistic individuals with the entrepreneurial spirit. If you're planning to be among those starting a new business, take the steps that will increase your chances of being among those who succeed. Here's a checklist to help you get off to a good start.

Create a written business plan

The process of writing the plan will be as useful as the finished plan itself. Write a description of your business operations that can be understood by those outside your industry, trade, or service specialty. It is very likely that a banker will need to know what your business is all about. Include an honest assessment of your market and competition. Will you be selling by retail outlet, mail order, trade shows, online, etc.? Include biographies on the business owners and key employees.

Prepare projections

Prepare projected sales and expense statements for the first year or two of business operations. When will cash be needed for various expenses and where will it come from? Plan your cash needs carefully and realistically, and provide a generous cushion for setbacks and unexpected expenses.

Assess financing needs

Most new businesses need capital. Decide whether the financing should come from lenders or additional owners of the business.

Use the right financing

Don't use short-term debt to finance long-term items. You would not buy a home on credit cards for obvious reasons. Likewise, you should not use short-term bank loans to finance your inventory, equipment, and other business expenses. It will be important to your banker that you recognize the need for the right financing before you are in a crisis situation.

Select a good location

Location is a very important factor in a business's success. Decide whether it's best to rent or own your building, and then evaluate different sites.

Choose your business form

Choose the best form under which your business should operate – sole proprietor, partnership, regular corporation, S corporation, or limited liability company.

Obtain your permits and licenses

Obtain the necessary permits and licenses for your business. Review any regulations that may apply to your business.

Get your numbers

Apply for the necessary federal and state identification numbers, and get information about the taxes that will apply to you.

Understand your tax responsibilities

Your business will have new tax responsibilities such as:

- payroll taxes for employees
- worker's compensation
- unemployment insurance
- sales taxes
- property taxes
- excise taxes
- business income tax

Buy or lease equipment

Decide whether to lease or buy equipment. The main advantage of leasing the equipment your business will need is that your initial cash outlay is generally less than if you purchase. However, the main disadvantage of leasing is that you could pay out more over the term of the lease than if you purchased the asset. Also when the lease term expires, you must return the asset or buy it.

Consider your insurance needs

Go over any insurance needs with your insurance agent.

Hire the right employees

You need a strategy to attract the best people. What special skills are you looking for? How much can you afford to pay? What benefits (health insurance, sick or vacation pay, etc.) will you offer? Would you be better off contracting for services rather than hiring employees?

Be a preferred customer

Scout out the best suppliers for all your inventory and equipment needs. Position yourself as a preferred customer. When you need inventory in a rush or help in solving a customer's problem, you want your vendor's attention. Pay all invoices on time, and keep your suppliers informed about your needs and your customers' concerns.

Establish credit policies

Many business owners are so concerned about marketing and selling their product or service that they neglect billing and collection efforts. Every new business should establish credit, billing, and collection procedures.

Consider pricing issues

Pricing is more than just determining how much to charge for a product or service. Customers now look at delivery time, return policies, and technical assistance as part of what they are buying. While it can be difficult to compete on price with large companies that can buy in quantity, you might offer more customized services to support a higher price.

Good recordkeeping is essential

Set up a good recordkeeping system that will give you information you can understand and use in the management of your business.

Learn to be lean

Learn to run a lean business without shorting yourself on equipment and staff. It will serve you well not only for the startup period, but in future economic downturns.

Pay attention to customer service

Learn to think like your customers. If your customers are less than 100% satisfied, you will lose their business. Make sure that your entire staff is geared up to provide excellent customer service.

Select advisors for your business

Select competent advisors to assist you before you start your new business – a lawyer, banker, accountant, insurance agent, marketing expert, and other professionals that your business may require. Engage advisors who can spot problems before they become serious, act as a sounding board for your ideas, and give personal attention to your business in the early years when you need it most.



Ginsberg & Associates, Inc.

Directing Your Financial Future

182 Newbury Street • Peabody, MA 01960
(978) 535-5379 • FAX (978) 535-8242
barry@glinc.biz • www.glinc.biz