



**Indianapolis Chapter 6**

# **Business Startup Made Simple**

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**2012 MWBE Central  
Indiana Resource Fair**

# about SCORE

- Successful business owners and experienced executives acting as volunteers
- Seminars and Workshops
- Free On-Going Mentoring
  - For Start-Ups
  - For existing businesses
- On-Line Resources at
  - [www.indianapolis.score.org](http://www.indianapolis.score.org)
  - [www.SCORE.org](http://www.SCORE.org)
- Resources partner with SBA
- Be your guide and mentor
- Avoid making mistakes
- Avoid squandering \$\$\$
- Inspire and Drive You !
- We witness countless success stories AND failures
- Serve as advisers for your specific issues, problems & opportunities.

*Meet our counselors here today*

8500 Keystone Crossing, Suite 401 Indianapolis, IN 46240

Also : Noblesville, Greenwood, Avon, Lafayette

# today's agenda

- Important Things to Know
- Champion Entrepreneur Traits
- Critical Steps to Have in Place
- Marketing and Business Plans
- Cash Management and Funding
- Organization Details & Requirements
- Help is available

# To Run A Successful Business

You need to have:

- Passion about your business
- Desire to know what makes people “tick”
  - Customers
  - Employees
- Competitive Advantage
- Plan of Action
- Desire NOT to get into financial trouble
- Knowledge of how to find funding

# To Run A Successful Business

You Need to Have

- Passion About Your Business

# reality check

**33 Percent of  
new businesses fail after  
only 4 years !**

(Source: SBA)

***Are you prepared to take what ever actions necessary,  
to stay successful?***

[www.indianapolis.score.org](http://www.indianapolis.score.org)

# who are the champions ?

## Entrepreneur Characteristics

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Self-Starters  
Resourceful  
Organized  
Hard Workers  
Smart Workers  
Persistent  
Decisive and Focused  
Healthy  
Have Supportive Family  
Love the numbers

## They always...

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..make a good choice of time & location  
..plan with adequate capital  
..have the ability to manage and multi-task  
..stay educated and study their field  
..have the strongest work ethic  
..be masters of time management  
..be willing to ask others for input  
..make logical, over emotional, decisions  
..stay disciplined to doing all of the above !

# Do you have what it takes ?

A leading reason for early small business failure, is that not enough importance is put on “all” the roles needed to run a successful enterprise.



**Which role have you mastered ?**

**Are you ready to accept responsibility for the others ?**

# To Run A Successful Business

You Need to Have:

Desire to Know What Makes People “tick”

- Customers
- Employees

A Preview of Critical Business Steps You Must Have in Place

## marketing & sales process

- Who Are Your Prospects ?
- Where Are These Prospects ?
- Can You Get Their Attention ?
- What Approach Will Work ?
- What Media Works ?
- You will need to ....
  - ..have many methods working
  - ..keep adjusting your message
  - ..spend money !
  - ..doing anything to keep clients
  - ..provoke only positive W.O.M. !

# To Run A Successful Business

## You Need to Have

- A Competitive Advantage
  - What is Your Business Concept Relative to Competition?

# A Preview of Critical Business Steps You Must Have in Place

## product

- Effective Definition of offering
- Functionality and Quality
- Differentiation & Positioning
- Distribution Process

## pricing

- Consumer reaction
- Cost / Mark-Up / Margins
- Credit terms and discount
- Standing Up to competition

## A Preview of Critical Business Steps You Must Have in Place

### position

- In your customer's mind
- Demographic & niche market
- Competition
- Distribution & Merchandising

### branding

- A promise made and kept
- Qualify *and prove* your U.S.P.
- Respected in Market
- Intentional First Impression
- Signage / Advertising Theme

A Preview of Critical Business Steps You Must Have in Place

# competition analysis

- Size of operation / no. of employees
- Price and quality offerings
- Services provided
- Value added vs. discounts
- Strengths / Weaknesses
- Reputation
- Are you shopping your competitors?
- Suppliers & contractors
- Other businesses in area

# To Run A Successful Business

You Need to Have

- A Plan of Action

# marketing plan

“The purpose of business is to create customers” Peter Drucker

Nothing matters. .

*. . unless you have customers !*

- What percentage of your time should be devoted to finding them ?
- What means and methods will you use ?
- If those methods don't work, do you have back-up ideas ?
- How will you grab attention, cause interest and motivate a sale ?
- FAILING HERE IS THE NO.1 REASON FOR THE 37% GONE AWAY !

# marketing plan

## Knowing Your Market

*Data you need is most likely available -  
the trick is to dig and find it!*

- Chambers of Commerce
- Banks
- Civic Organizations
- Census Data
- Internet
- Libraries
- Trade Associations

# marketing plan

- Pinning down the target market..who is it ?
- Can this market be profitable?
- Is this an existing or new market?
- How will you reach the market ?
- Word of Mouth is obvious, but what actions will be taken to earn it ?
- Marketing costs vs. marketing results
- How does your value stack up against your competitors ?
- The Sales Process

# marketing plan

## your sales process

- Knowing Customer Motives
- Making an Effective Approach
- Having Supportive Material
- Making Presentations
- Preparing Bids
- Causing Interest & Desire
- Insuring Trust & Loyalty
- Understating vs. Overstating
- Answering Objections
- Closing The Deal
- Data-Base Entry for Follow-Up

*Greatest Fable of All....."My Product Sells Itself !"*

# To Run A Successful Business

You Need to Have

- A Desire NOT to Get Into Financial Trouble

## You Need to Have

- A Desire NOT to Get Into Financial Trouble
  - Build a “wall” between your business assets and personal assets.
  - Form a legal business entity
- [www.in.gov/sos/business/2428.htm](http://www.in.gov/sos/business/2428.htm)
- [www.in.gov/ai/appfiles/sos-registration/landing.html](http://www.in.gov/ai/appfiles/sos-registration/landing.html)

# cash management

## Cash: Most Important Asset

- Open a business bank account in your business name and Taxpayer ID ASAP
- Deposit all receipts “in tact”
- Use a petty cash fund
- Separate sales tax receipts on your books
- Hang on to cash as long as possible
- Reconcile bank account monthly

# cash management

## Personal Budget Considerations

- Total monthly cost of living
- Areas where you can cut back
- Outstanding debt
- Amount in savings
- Total amount needed to cover 6 to 12 months of expenses

# cash management

## Start Up Cash Needs

### Essential Considerations:

- Tools and equipment
- Leasehold improvements
- Licenses and permits
- Professional fees
- Initial inventory
- Working capital reserve fund

# cash management

## Operating Cash Needs

- Salaries
- Rent
- Insurance
- Taxes and fees
- Advertising
- Loan interest/ principal
- Utilities
- Maintenance
- *Yes, there will be more !*

# To Run A Successful Business

You Need to Have

- Knowledge of How to Find Funding

# Knowledge of Funding

## Sources of Capital

### Equity

Signifies Ownership

Personal savings  
Family and friends  
Partners' contributions  
Profits retained in the  
business

### Debt

Does NOT Signify Ownership

Banks and credit unions\*  
Community Express\*  
Micro Loans  
Credit cards (not recommended)

*\* May be guaranteed by SBA*

# Knowledge of Funding

## Lender's View of Borrower

- Character, Commitment
- Credit rating
- Personal Investment
- Collateral, Capital
- “The Business Plan”
- Industry Knowledge
- Financial history
- Financial projections
- Management skills
- Competition

Requirement for Funding :

# writing a business plan

## Why So Important ?

- Forces you to take an objective, logical and “unemotional” view of your business idea.
- A Lender Requirement: You must prove your way & means, *in numbers !*
- Serves as an ongoing business strategic action plan for frequent update and review.

## Typical Business Plan Outline

### Table of Contents

1. Executive Summary & Business Over-View
2. Business Concept & Feasibility (Formal Plan Begins)
3. Marketing the Business
4. Financial Forecasting
5. Funding & continued cash mgmt.

## Requirement for Funding

# business plan

### Executive Summary

- Principals involved and their roles
- How much money needed
- How the money will be used
- When you will repay loans

### Brief Business Over-View

- Brief description of business, product or service
- Market need / Niche filled
- Location / Competition /
- Personnel / Suppliers

Requirement for Funding

# business plan

## 3. Marketing Plan

Insert Your Marketing Plan Here to Justify Your  
Revenue Projections

## Requirement for Funding

# business plan

### 4: Financial Forecasts

- Capital equipment list
- Income and expenses
- Assets, liabilities & equity
- Break-even calculation
- Historical records (including variation analysis)

### 5: Funding and cash mgmt.

- Sources & applications of funds (cash flow)
- Session 5 identify specific criteria needed for loans

# details & requirements

## Your Legal Business Entity

- Sole proprietorship vs. LLC
- Partnerships; *caution ahead ?*
- Liability and tax obligations
- When is Sub Chapter S necessary ?
- Who are the C corporations ?

Failing to submit accurate State & Federal documentation from the outset, causes big headaches for those who are not detail conscious !

# details & requirements

## Government Regulation

- Local Authority Licenses and Permits
- Industry Compliance and Approvals
- Labor Laws
- Immigration Laws
- Federal Income Withholding payments
- Social Security Withholding
- Unemployment Insurance

*If and when audited , ignorance of the law is no excuse !*

# details & requirements

## Insurance Considerations

- Property
- Liability
- Motor Vehicles
- Umbrella Liability
- Worker's Compensation
- Health
- Life

# details & requirements

## Every Business Needs:

- A Banker
- Legal Assistance
- An Accountant, even if only to review your bookkeeping
- An Insurance Agent
- A Trusted Business Mentor

# HELP!

There are many sources to help guide you through the process

SCORE

SBA

Indianapolis Marion County Public Library

Indiana Secretary of State Office

# SCORE Help

- Free face-to-face counseling and mentoring
  - Business Start Ups
  - Ongoing Business Companies.
- Locations:
  - Indianapolis, Noblesville, Greenwood, Avon, Lafayette

# SCORE Help

## Workshops:

Simple Steps for Starting Your Business

October 13: Greenwood Chamber of  
Commerce & Nora Library

October 20: Pike Library & Nobelsville  
Library

# SCORE Help

## Workshops:

### Small Business Financing

2<sup>nd</sup> Friday of each month from 2:30 –  
4:00 PM

SBA Conference Room –

8500 Keystone Crossing, Ste 400

Register Online at [www.indianapolis.score.org](http://www.indianapolis.score.org)

# SBA Help

Small Business Administration [www.sba.gov](http://www.sba.gov)

Indiana District Office

8500 Keystone Crossing, Suite 400

Indianapolis, IN 46240

(317) 226-7272

# SBA Help

- Starting a business
- Getting a loan
- Government contracts
- Disaster Assistance

# SBA Loans

- SBA does not make loans
- SBA guarantees loan repayment to lending institutions (similar to student loans)
- To see if one qualifies for an SBA guarantee, go to an SBA approved lender (over 80 in Indiana)
- Make application for a loan meeting SBA requirements.

# Types of SBA Loans

- Basic 7 (a) loan program to eligible borrowers for starting, acquiring or expanding a business. Apply to participating lending institution.
- Certified Development Company (CDC) 504 Loans – long-term, fixed-rate financing for major fixed assets.

# Types of SBA Loans (cont.)

- Microloan Program – Offers very small loans to start-up, newly established or growing small business concerns.
  - SBA makes funds available to nonprofit community based lenders which, in turn, makes loans to eligible borrowers in amounts up to a maximum \$35,000.
  - Applications are made to the local intermediary and all credit decisions are made locally.

# Indianapolis Central Library

- St. Claire and Meridian Streets.
- Phone 317-275-4100
- World-class business information on 3<sup>rd</sup> and 4<sup>th</sup> floors.
- Librarians are very interested in helping small business and are very helpful to visitors.

# Types of Business Information

- Industry descriptions and sizes.
- Census / Demographic information
- Information on various competitors.
- Database of Business Plans from identical companies (like yours) from around the country.

**QUESTIONS?**