

IMAGINE YOUR BUSINESS

Have you ever said to yourself, “ I can see myself running that business?”

Picture yourself in a business of your own. You might be selling books, setting up a factory to produce chocolate, distributing hand crafted wooden furniture, running a deli, or helping someone solve a computer problem. Or whatever. Let your imagination run loose.

Now, make your vision come alive. Below draw a picture of what you imagine your business would look like. Include yourself in this picture.



IDENTIFY YOUR PERSONAL OBJECTIVES

When evaluating your business idea, one of the elements to consider is its ability to satisfy your wants and needs. If it cannot, you will most likely be unhappy with the business, and an unhappy owner usually makes a poor manager. Poor management is a leading cause of business failure.

Stating the risks you are willing to take for the potential rewards will help you decide whether the business is right for you. Take a few minutes to identify the financial and personal needs objectives that are important to you. Be honest with yourself!

NOTE: Objectives are very personal; each person's will be different. The importance of these lists is to make you think about the real reasons you are considering starting your own business.

	Yes	No
Annual vacations are important to my family and me. We never miss them.	<input type="checkbox"/>	<input type="checkbox"/>
I like to leave my work at the office at the end of each day. I think about it only when I return the next morning.	<input type="checkbox"/>	<input type="checkbox"/>
I am willing, and able, to concentrate on the business to the exclusion of family and friends.	<input type="checkbox"/>	<input type="checkbox"/>
I am in good health and have no family members with health problems.	<input type="checkbox"/>	<input type="checkbox"/>
I am comfortable with uncertainty, even if it means not being guaranteed a regular paycheck.	<input type="checkbox"/>	<input type="checkbox"/>
I enjoy working with people, even disagreeable ones.	<input type="checkbox"/>	<input type="checkbox"/>
I want to be my own boss.	<input type="checkbox"/>	<input type="checkbox"/>
I want to become well-known in my community	<input type="checkbox"/>	<input type="checkbox"/>
I want to be the sole owner of my business.	<input type="checkbox"/>	<input type="checkbox"/>
I am willing to take a partner/investor into my business	<input type="checkbox"/>	<input type="checkbox"/>
I must have a regular paycheck.	<input type="checkbox"/>	<input type="checkbox"/>
I want to work _____ hours per day, _____ days per week.		
I like to spend _____ hours per week engaged in my hobbies or other leisure-time activities.		
I want to employ _____ people.		
I want to employ _____ member of my family or friends.		
I want to make \$ _____ per year.		



I must earn at least \$ _____ annually.

I am willing to invest \$ _____ to start my business.

The skills I have and want to use in running my business are:

The jobs I want someone else to handle are:

The assets that I own and am willing to use as collateral for a business loan are:

PERSONAL SKILLS CHECKLIST

Your business idea may be a very viable one, but without good management skills to execute it, your chances for success are poor.

This does not mean that you must yourself possess all the necessary management skills. It does mean that you must know your weak points, so that you can either acquire skills in those areas or hire someone who has them. Be aware though that an overdependence on others may expose you and your business to significant risk.

Your chances for success are usually much better if you have direct work experience in the type of business you plan to start. Past experience provides key contacts in the industry or community that can help as you establish your own operation. Past experience provides first-hand knowledge that cannot be learned from a book. It gives you credibility.

The Management Skills Checklist identifies some of the skills that business owners need in order to insure that they can adequately control their businesses. Evaluate how well prepared you are to manage your business by checking the appropriate category under each skill.

Use the space below the checklist to list the name of the person who will provide any skill that you do not have and will not obtain through training. For those skills you intend to learn, identify where and when you plan to get training.

SKILLS	I KNOW HOW	I NEED TRAINING	SOMEONE ELSE WILL DO
Establish & maintain financial records	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prepare operating budget	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Put together a loan proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compile financial statements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Meet payroll & sales tax requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Analyze financial performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Project & control cash flow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Purchase & manage inventory and/or supplies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Determine credit worthiness of customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Collect past-due accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Price my product/service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Promote my product/service/business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hire & train employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Monitor employee performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Motivate employees; build a team environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Manage my time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Delegate work to others	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Negotiate agreements/contracts with suppliers, Customers, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Schedule production work, including labor, Machinery, & materials needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Install quality control methods & conduct Follow-up measurements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Meet basic legal requirements, including those Related to employment, zoning, safety/health, Waste disposal, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Identify & make changes necessary to maintain The business's success	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Names of people or places who will satisfy "I Need Training" requirements:

Names of people or places who will satisfy "Someone Else Will Do" requirements:

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RISKS and REWARDS

Try to determine exactly what you hope to accomplish by starting a business. List what you consider to be reasonable risks and rewards. Think about all forms, not only financial. Try to assess the risks involved and whether these are consistent with the resources you have available and your current position in life. Discuss the possibility of starting a business with your spouse, family, and close friends. Be sure they understand what is involved and be sure you have their full support. Begin to think what you want this business to be, the products or services that you offer, and the market you will serve. Finally, try to think of ways the risks might be reduced while still leaving a reward level that satisfies your objectives.

Complete this worksheet by listing as many risks and rewards as you can think of.

	Risks	Rewards
1. Career		
2. Family		
3. Psychological		
4. Financial		

When you have completed your lists, review them and answer the following questions:

Which risks concern you the most? Why?

How might you reduce these risks?

YOUR PERSONAL CREDIT

How would you rate your personal credit?

Excellent Good Average Poor

When was the last time you saw a copy of your credit report?

Last Week Last Year Five Years Ago Never

One of the first criteria your banker will look at is your credit rating. A bankruptcy will complicate the possibility of you receiving a loan. A poor credit history will also limit your possibilities of obtaining a loan. Most bankers now use a rating system in which points are assigned for the various aspects of your credit history. The number of points your credit history accumulates determines your loan status. Above a certain number, the loan may be approved. Below that number, it will be rejected.

If you have been declined credit, employment or insurance in the last 60 days, you are entitled to a free report from the credit bureau that supplied the information to the creditor that declined you. In this case, include the fact you are declined and include the name of the creditor in your request.

To get a copy of your credit report, contact one or all of the three major national credit bureaus:

Equifax Credit Info (United States)
P.O. Box 740241
Atlanta, GA 30374-0241
Order On-line - www.equifax.com
1-800-997-2493 – Order report by phone
1-800-685-1111 – General Information
1-888-909-7304 – Discuss report with credit specialist

Experian Information Solutions, Inc. (formally TRW)
P.O. Box 2104
Allen, TX 75013-2104
Order On-line - www.experian.com
1-888-397-3742 – Order report by phone

Trans Union Corp. National Disclosure Center
P.O. Box 390
Springfield, PA 19064-0390
Order On-line - www.tuc.com
1-800-916-8800 – Order report by phone
1-714-738-5072 – Customer Support

REPAIRING YOUR CREDIT

Once you have reviewed your credit report, you can work on a plan to repair any past credit problems. You should contact each debtor to work out a repayment plan. Just taking that step, showing your intent to repay, will dramatically improve your credit rating. If you have a significant amount of debt, you may want to work with a nonprofit credit counseling service.

Consumer Credit Counseling Services of NH & VT
(an office of the National Foundation For Consumer Credit)
1-800-327-6778
<http://www.cccsnh-vt.org/>

Genus Credit Management
<http://www.genus.org>

Some banks and credit unions may provide limited credit counseling to customers.

WHERE'S THE MONEY?

Most financial institutes will require that you produce a minimum of 20% - 30% of the total estimated cash needed for start-up costs. This is referred to as your owner equity/investment in the business.

- I have this money or access to it.
- I have some but not all of the money required.
- I have no money to invest in this business.

When borrowing money, you will be expected to have at least 20% (some lenders will require as high as 50% owner's equity) of your own business invested in the cost of starting your business.

Example: Estimated cash needed for start-up costs = \$25,000. If the bank requires a 20% owner's equity/investment (cash) to secure the loan, you will be required to contribute \$5,000 of your own money before they will loan the remainder of \$20,000.

Where will you find the money for your business?

Personal Savings	\$ _____	Family and Friends	\$ _____
Bank Loan	\$ _____	Retirement Account	\$ _____
Investor(s)	\$ _____	Partners	\$ _____
Credit Cards	\$ _____	Other	\$ _____

Most small businesses are started with the owner's savings. If you have equity in your home, you may need it for your equity investment in the business as well as collateral on a loan. A secondly commonly used source of funds is family and friends who might loan you money or invest in the business.