

Title:

The First 10 Steps To Starting A Business

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1266

Summary:

You're starting your first business. You're excited, yet nervous. Do you need a business plan? How should you market? Will you know how to build your business successfully, or will your business become yet another small business casualty? Start your business right with these 10 proven steps to success.

Keywords:

starting a business, how to start a business, business, entrepreneurship, becoming a business owner

Article Body:

As a freelance writer and business consultant, a lot of people come to me with a business idea and want my help to write a formal business plan.

Contrary to what many aspiring entrepreneurs think, writing a business plan isn't the first or most important step to start a business. For most people—especially those who have not yet started a business—this is actually one of the last things you want to do in the start-up and get-off-the-ground phase.

This article is specifically designed for those brave souls who have never started a business, have a burning desire to do so, but don't know where to start. Here are 10 practical, learned from the school of hard knocks, that will help you avoid common pitfalls and get started right. (And keep in mind that these are intended for businesses that need little to no start-up capital.)

1. Read

Before you do anything else, read these four books in order: Cash Flow Quadrant by Robert Kiyosaki, The Art of the Start by Guy Kawasaki, Burn Your Business Plan by David Gumpert, and The E-Myth Revisited by Michael Gerber.

2. Dream

Take time to create your business "spiritually" before you create it physically. See it in it's best, most perfect state, as a world-class operation. How does it

look, feel, taste, smell, and sound?

Entrepreneurship is one of the hardest things you will ever do, and your business must invigorate and excite you consistently, otherwise you won't last through the hard times.

Write these dreams down--this is not a business plan, just written dreams, plans, goals, and brainstorm. The formal business plan will come much later.

3. Research

Before you invest a lot of time and money in your dream, do adequate research to find out if your idea is viable and sustainable.

In this step, you basically want to ask and answer a lot of questions, such as these: Will the market support your idea? What evidence do you have to support this? What discontentment exists that your idea solves? Will it unleash an ideavirus? Who else is doing it, and how successful have they been? What will you do differently? Do you have a readily identifiable market? Do market trends support the idea, or will the idea be obsolete in a few years? Do you need funding? If so, how much and by when? What technology can be leveraged in the business? What skills do you lack necessary for the business?

Remember also that hands-on experience can be the most useful form of research--you may want to implement your business on a small scale at this stage to see what the market tells you.

4. Form an Entity & Ensure Legal Compliance

Assuming you're convinced that your idea will work, now it's time to make it real and form a business entity. You need an entity for four reasons: to be legal, to maximize tax savings, to decrease liability, and to maintain control.

Your basic business entity options include a sole proprietorship, LLC, S-Corporation, and C-Corporation. Meet with an attorney and a CPA to discuss the differences between them and choose the appropriate entity for your uses. This will cost about \$125 if you do all the paper work yourself, or between \$200 and \$500 if you use a professional or an attorney.

In addition to your entity, you must also ensure that you are legally compliant in all other areas. For example, if you have employees, you probably need Worker's Compensation Insurance. A good attorney will help you safely navigate all of the legal issues you will face.

5. Generate Revenue

This step is absolutely critical. Too many newbies try to do too much at once, and are so concerned about things like image that they spend tons of money, time, and effort on logo and branding work, marketing brochures, advertising, etc. While all of those have their place, they should be paid for BY the revenues generated by the business.

Now that you've had your time to dream, it's time to be extremely pragmatic about applying them. Do whatever it takes to generate revenues, even if it means door-to-door selling. No dream, however inspiring, will ever be realized unless you can pay for it to materialize.

6. Create Financial Systems

Now that you have cash flow, it's imperative that you manage it wisely. Account for EVERY income and expenditure, no matter how trivial, and maintain impeccable records. You'll be glad you did come tax time.

The most common accounting software programs are Quick Books and Quicken. Or, you can use a quality bookkeeping service, which can help you with payroll and quarterly taxes in addition to keeping your records.

7. Begin Writing an Operations Manual

An Operations Manual gives you the ability to leverage your efforts and duplicate yourself by providing simple, step-by-step directions that anyone can follow to perform any task.

Systematizing your business is the most important thing you will ever do, and you can never start soon enough. Systems, of course, will be refined over time, but it's critical that you get them down in writing and keep them updated.

You may also consider using a professional writer to write your Operations Manual.

8. Create Marketing Systems

Many novices want to immediately start spending money on advertising, without knowing the costs and/or benefits. It's been said that advertising takes a lot of money, while marketing takes a lot of time.

For start-ups, stick with marketing; in most cases, you have time, but you don't

have money, and marketing is generally more effective anyway. Advertising is costly and relatively ineffective. Start-ups should be obsessive about managing finances wisely, and very cautious about spending money.

Advertising would include things such as billboards, radio and TV ads, flyers, yellow page ads, etc. Marketing usually boils down to direct selling of some kind, whether it be telemarketing, door-to-door sales, customer referral programs, etc.

If your idea and delivery systems are good enough, the business should market itself virally anyway. In any case, find something that actually gets results, stick to it, and create and document systems in your Operations Manual.

9. Refine Systems, Replace Yourself, More Refining, & Document Religiously

In the first year or so, you will most likely be performing most, if not all, tasks yourself. This gives you the opportunity to learn and work out necessary details, but it won't be sustainable when it's time to grow.

With an Operations Manual in place, you can now begin hiring and training others to replace you. Once they're replaced, then continue to oversee and refine the systems consistently.

Also, you must be absolutely religious about documenting every aspect of your business. For example, if your business does door-to-door sales, all salesmen should document how many doors they knock, how many people they actually talk to, and how many people bought.

Over time, this data will prove to be invaluable as you seek to refine your systems; without real numbers you have no idea what's working and what's not.

10. Write a Business Plan

The final step in the start-up process is the one that most people think they should start with. Here's why it should come last: if you want it to secure funding, investors will want to see a proven track record before they invest anyway, and if you do it after the first nine steps, you can now do it right, with actual numbers, facts, and statistics rather than unfounded assumptions.

Furthermore, this gives you an opportunity to reconnect to your dreams after wading through a lot of trials.

And, like an Operations Manual, you can always use a professional writer to

write your business plan.