

## Starting a Business Checklist

### DECIDING ON A BUSINESS (Session 1)

The most common mistake made by entrepreneurs is not selecting the right business initially.

- Have you considered starting part time without quitting your job?
- Have you objectively compared your intended business with other possible opportunities?
- Have you prepared a "for" and "against" list to clarify your thinking?
- Have you worked for someone else in your intended business?
- Is your intended business something you will enjoy doing?
- Have you test marketed your product or service?
- Have you reviewed the advantages and disadvantages of starting with a partner?
- Are you focused on a specialized product or service?
- Have you considered operating as a family business?
- Have you talked to the most successful people in your intended business?

### THE BUSINESS PLAN (Session 2)

Your business plan will become your road map in starting your business.

- Did you personally prepare your business plan?
- Did you use the My Own Business Institute template for your business plan?
- Does your business focus on short-term (one year) goals?
- Have you submitted your plan for review to appropriate experts?
- Are you prepared to change your plan frequently as conditions change?
- Does your business plan include a one-year cash flow projection?

### HOME-BASED BUSINESSES (Session 3)

- Have you avoided any conflict of interest with your current employer?
- Do you have adequate knowledge of accounting?
- Have you selected a business that will not conflict with your current job?
- Are you able to delegate some of your business responsibilities to employees or partners?
- Have you set a limit on how much money you can risk?
- Do you have a disciplined and balanced lifestyle?
- Do you have a personally written, detailed business plan?
- Have you checked local laws and licensing requirements for home-based businesses?

#### **FINANCING THE BUSINESS (Session 4)**

Money will be the fuel to drive your business. You will need assurance that you have enough capital to operate your business for at least one year.

- Are you saving money to start your business?
- Are you willing to start small to minimize the capital required?
- Are you prepared to invest the equity of your own labor (sweat equity)?
- Do you have financing in place to support your cash flow projection?
- Do you have a clear understanding of the financial and legal obligations of using equity capital and of borrowing?
- Have you investigated the small business government loan guarantee programs?
- Have you considered using suppliers as sources of financing?
- Have you considered bartering as a source of financing?
- Have you asked your accountant and attorney for lending references?
- Are you prepared to live frugally to keep your living costs at a minimum?
- Does your one-year cash flow projection show adequate liquidity at the end of each month?

#### **BUSINESS ORGANIZATION (Session 5)**

- Have you selected a lawyer and an accountant?
- Did your lawyer and your accountant help you decide the best type of business organization for you?
- Do you have an appropriate and comprehensive set of employee benefits in place?
- If you have a partner, do you have a written buy-sell agreement in place?
- Have you joined a local business association such as the Chamber of Commerce?

#### **LICENSES AND PERMITS (Session 6)**

Most businesses need licenses, permits, or certifications from the local or federal government in order to operate.

- Seek a meeting with the government representative or agency responsible for licenses and permits.
- Keep notes, including the names of participants, for all your meetings.
- Is your location approved for the type of business you intend to operate?
- Is it legal to use your home for a home-based business?
- Do you have all the certifications and licenses required by the government?
- Do you have the special training, education, or equipment required by the government for your intended business?
- Will you operate your business in a location that is approved by the government?
- Do you have your business license?
- Do you know how to collect sales or value-added tax (VAT) on your transactions?

### **YOUR BUSINESS NAME AND YOUR INTELLECTUAL PROPERTY**

- Is the name you selected appropriate for the business, easy to remember, easy to spell, and does it create a visual image?
- Have you registered your name with the appropriate government agencies?
- Have you trademarked your business name?
- Have you secured copyright and patents for your goods and services as needed?
- Do you have a logo?
- Have you secured stationery, business cards and business forms?

### **BUSINESS INSURANCE (Session 7)**

Check with an insurance agent for the coverage you will need for your type of business.

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|---|--|
| <ul style="list-style-type: none"> <li><input type="checkbox"/> Insurance agent in place</li> <li><input type="checkbox"/> Business property insurance</li> <li><input type="checkbox"/> Business liability insurance</li> <li><input type="checkbox"/> Worker's Compensation</li> <li><input type="checkbox"/> Fire insurance</li> </ul> | <ul style="list-style-type: none"> <li><input type="checkbox"/> Employee medical insurance</li> <li><input type="checkbox"/> Are the limits on you insurance policies appropriate for the risk?</li> <li><input type="checkbox"/> Have you included the insurance premiums in your cash-flow projections?</li> </ul> |
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### **COMMUNICATION TOOLS (Session 8)**

Communications equipment needs to be installed and tested before you open. Are the following components in place?

- Telephones including Voice Mail service
- Computers with internet capability
- A data backup plan
- Mobile communications equipment including laptop and cell phone.
- Software purchased and installed.
- Letterhead and business cards printed

### **BUYING A BUSINESS OR FRANCHISE (Session 9)**

Buying a business can become the single most important decision you will ever make.

- Will your business provide full- or part-time employment for you?
- Can you accurately predict the future earnings of the business?
- Is the business a good fit for your skills and preferences?
- Have you investigated the industry thoroughly?
- Has your lawyer and accountant advised you on all aspects of the transaction including approval of purchase agreement and leases?
- Have you evaluated the quality and size of the inventory?
- Are the payables verified and current?
- Are the receivables current and collectable?
- Is there an order backlog?
- Will the seller help finance the purchase of the business?
- How strong are customer relationships?
- Is the primary marketplace stable or changing?
- Does the business have all necessary government approvals and licenses?
- Is the seller motivated?

***If you are considering a franchise, here are additional checklist items:***

- Have you talked to other franchisees about the business?
- Have franchisees of your choice shared their profit and loss records?
- Do you have the financial statement of the franchisor?
- Are there outstanding lawsuits against the franchisor?
- Is it a business you will enjoy operating?
- Does the proposed location meet your site criteria for the business?
- Is the franchisor well established?
- Does the franchisor have a significant number of successful franchisees?

**LOCATION AND LEASING (Session 10)**

A wonderful business can fail because of a poor location or a faulty lease.

- Have you reviewed and established site criteria for your business?
- Does the location meet your site criteria?
- Have you reviewed the leasing checklist and points to consider before signing a lease?
- Have you asked for a short-term lease with options to renew?
- Has your lawyer reviewed your lease?

**ACCOUNTING AND CASH FLOW (Session 11)**

To succeed in business, you must know how to keep score. If you do not understand all aspects of accounting, enroll in an accounting course.

- Is your accounting software in place?
- Are you prepared to reconcile your bank account every month?
- Do you completely understand
  - Balance sheets
  - Profit and loss statements (also called an income statement)
  - Cash flow control
- Have you projected your cash flow for three months and for one year?
- Will you be updating cash flow control every month?
- Are you planning to keep your own records when you start out?
- Have you set up an account with a service provider to handle payroll and benefits?
- Will you personally be signing all checks?
- Have you set up a business account at your bank?
- Do you know your tax liability?
- Have you established a good relationship with your banker?
- Is your business credit policy in place?
- Will you be matching up invoices with purchase orders?
- Do you have safeguards against employee dishonesty in place?

**E-COMMERCE (Session 12)**

- Is your website set up to handle money transactions?
- Is your business listed in the "local" function of search engines?
- Is your domain name registered and the website online?
- Do you have all necessary e-commerce tools in place?
- Is your website adequately tested to sell online?

### OPENING AND MARKETING (Session 13)

Opening for business requires attention to a great many details to be accomplished and coordinated:

- Are the tenant improvements complete?
- Are all your signs installed?
- Are all licenses, permits and certificate of occupancy secured?
- Is your merchandised displayed attractively?
- Is the advertising and promotional material scheduled?
- Have you started developing an email and mail database?
- Do you know how and where your successful competitors advertise and market their products or services?
- Have you joined the trade association of your industry?
- Are you focused on selling a great product or service at a fair price?

### DETAILED OPENING AND MARKETING TO-DO LISTS:

- Review each task in the "Before You Start" checklist.
- Check off each bullet point under "How to Buy Checklist".
- Does your name pass inspection for "A good name is"?
- Review each bullet point under "Most common mistakes made when opening a business."

### MANAGING EMPLOYEES (Session 14)

- Does your hiring policy include

<input type="checkbox"/> Job descriptions	<input type="checkbox"/> Incentives
<input type="checkbox"/> Hourly rates	<input type="checkbox"/> Holidays

- Do your employees like what they do?
- Are your employees quick learners eager to expand their knowledge?
- Do employees project a pleasant and positive image?
- Do employees like people and relate well to them?
- Are employees helpful to customers as well as to associates?
- Are your employees completely trained?
- Do employees know the product, merchandise or the service provided?
- Have you established and communicated a work schedule?

### EXPANDING AND HANDLING PROBLEMS (Session 15)

- Are you prepared to prove your business concept before expanding?
- Have you structured profit sharing plans to provide for delegation of authority and responsibility to managers?
- Are your profit sharing plans in writing and simply stated?
- Is your incentive plan for managers tied to individual financial success?
- Have you created separate profit centers for each expansion unit?
- Have you compared your incentive plans to those of your best competitors?
- Have you identified the activities that you will not delegate responsibility? (For example, signing of check and major expenditures.)