

Becoming an Entrepreneur

Derek Wood

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Derek Wood

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Note from the Author

Dear Reader,

Welcome and thank you for investing in this manual.

You are about to discover the steps involved to becoming your very own Entrepreneur.

For those of you who are relatively new to the running your own business, do not worry too much. While it will take some work, the benefits are great.

My intention with this manual will be to guide you through the fundamental steps required to get started on your path to being an Entrepreneur and business owner. You will learn the basics of how to start your business, what type of business to start, and how to run your business.

With this in mind, let's get you started on your way.

Please enjoy your stay.

To Your Success,

Derek Wood

PROBLEM: “I don't know what kind of business to start.”**Step 1: Evaluate your skill set and personal activities**

Look closely at your own interests, hobbies, and abilities. It is important to enjoy the business you plan to start, as you will probably be spending a great deal of time building it in the beginning. (**TIP:** If you need to learn a trade or skill, consider a trade school or community college. You can also search for Web-based training on a variety of subjects.)

Step 2: Talk with friends and associates

Talk with family and friends about the business ideas you have. Also, if you know a successful entrepreneur, discuss with them your business ideas. These experienced individuals will often think of challenges you are likely to encounter as well as other things you have not yet thought about. You can also chat on-line with other people interested in starting their own business.

Step 3: Read a small business owner magazine

There are many magazines aimed at the small business owner. Reading magazines will help you determine the types of businesses others have started, learn about their mistakes and successes, and find ideas on the types of businesses that are available. (**TIP:** Check your local bookstore or search the

Web for magazines devoted to small businesses. Some business magazines, such as Inc. can also be read online.)

Step 4: Attend a business trade show

Instead of starting a new business from scratch, you may consider buying a business or franchise. If so, you should go to a trade show or exposition. These events generally have knowledgeable people available to answer questions and provide information on a variety of businesses. (**TIP:** To find a show in a location nearest you, use the Trade shows, Conferences, and Expositions database.)

Step 5: Read a book to get business ideas

Read 'Success For Less: 100 Low Cost Businesses You Can Start Today.' A book such as this can give you great ideas for a business that is perfect for you to start.

Step 6: Research existing businesses that are for sale

If you are considering buying an existing business you may want to contact a business broker. Brokers spend time researching and identifying existing businesses that the owner wishes to sell. The broker generally earns a commission on the sale of the business, much like residential real estate, but if

you are purchasing a larger business, these people can be a good source of information. Keep in mind, however, the broker is working for the seller — not for you.

PROBLEM: “I don't know what the requirements are for starting a new business.”

Step 1: Write a business plan

A necessity for any business, large or small, is a concise and clear business plan.

A business plan is a written summary of what you plan to accomplish by being in business. It will provide a detailed description of your business, your marketing and development plans, and a statement of your financials. It is a road map for operating your business and measuring progress along the way. Check out Small Business Association and American Express for templates you can use to create a business plan. (**TIP:** You can also contact Bplans.com, a company specifically designed to help small business owners create a business plan.)

Step 2: Decide the best organization structure for your business

The structure of your business is an important first decision you must make.

There are three main business structures you can look into: sole proprietorship, partnership, and corporation. Books that will be helpful in making this decision are 'Choosing a Legal Structure for Your Business' and 'Form Your Own Limited Liability Company'. The latter details the better of two business structures - the informality and tax benefits of a partnership with the personal protection from

business debts of a corporation.

Step 3: Understand possible tax implications

Did you know that your business may be subject to federal, state, and local taxes? The Simplified Tax and Wage Reporting System may be an option for reporting your taxes, depending on your tax and wage situation. (**TIP:** You can also contact American Express, or any corporation that provides tax and business services for small business owners.)

Step 4: Determine the type of insurance coverage you will need

Insurance protection for your new business is an important consideration. Consider consulting with an insurance agent or broker, as well as other small business owners for their advice. Some major types of insurance to consider are fire, general liability, automobile liability, workers' compensation, group life, group health, and disability. Depending on the type of business you start, there may be local, state, or federal laws that require a certain type and amount of coverage. Be sure to review this with the business insurance agent.

Step 5: Identify the types of licenses that are needed

Depending upon the type of business you decide upon and its location, licensing

will vary. Investigate all state, local, and federal licensing requirements. (**TIP:** Contact your state, municipal and/or county authorities for complete information regarding licensing.)

Step 6: Hire an accountant

Hiring an account to help you with acquiring licenses and paying taxes will be helpful, even if you decide to do your own daily bookkeeping. Be sure to find an accountant who specializes in small businesses.

Step 7: Consider hiring an attorney

Although you may not need an attorney long term, you will need his/her assistance in the beginning to file all required documents. You may also need to consult with a general counsel attorney from time to time for advice. If you set up a relationship in the beginning, your attorney will be familiar with your business which can save you time and money down the road.

Step 8: Consider the personal implications

Before you start a new business, you should ask yourself: Are you a self starter, do you have the physical and emotional stamina it takes to start a business, are you willing to spend time away from your family to run the business? All of these

issues will come to play in the initial months and even years of your fledgling company. (**TIP:** View the SBA's Startup Kit to get more information regarding Entrepreneurship.)

PROBLEM: “I don't have the money to start my own business.”

Option: Borrow money from friends or family

If you do not need a large amount of funding to get your business off the ground you, you may be able to start your business with a loan from a family member or friend. Be sure to get the loan and finance agreement in writing, as well as having the documents notarized.

Option: Get a small business loan

The Small Business Administration agency loans no money directly, however it does guarantee 75 percent of individual loans made by private lenders. Your local commercial bank can give you information about SBA guaranteed loans.

Option: Find venture capital investor or “angel”

A venture capital investor is group of collective individuals that provides private funding to start-up businesses. VCs generally specialize in high-growth industries and often take an active role in a company once they invest, including wanting to take a controlling interest in the business. Often this not a good approach for someone who wants to

individual who provides seed capital in exchange for stock in your company. This

allows you to retain full control of your daily operations.

Option: Get a commercial loan

Commercial loans are available through most local banks. To get a commercial loan you will need some type of collateral to secure the loan. If you have an excellent personal credit history, you may be able to find an unsecured loan using this.

Option: Get a home equity loan

Home equity loans are often available at reasonable interest rates and can be used to finance your new business. However, you should factor in that you are risking your family home to launch a business venture. Before going this route, you should carefully consider all risks involved.

PROBLEM: “I don't have time; I have a full-time job.”

Option: Budget your time

If you will be continuing to work a full-time job while starting your new business, you must be efficient in time management. There are many instructional guides and books that can give you the tips you need to get started. (**TIP:** Consider adopting a Goalplan to organize your life.)

Option: Give up something else to free up the time you need

If you are able to restructure your day so that you free up just one or two hours, will be surprised how much you can accomplish with your new business daily. Take a quick analysis of the activities you do every day. Consider giving up non-work time that is spent reading books for pleasure, surfing the Internet, or watching television. You may be surprised at how much you can accomplish in an hour or two each evening.

Option: Find a business partner

If you are considering having a business partner to allow you to split up the various tasks and financial risks involved in starting a new business, chose this individual as carefully as you would chose a spouse. A business partnership is

like a marriage in many ways and is usually difficult or expensive to dissolve.

Your business partner(s) should bring resources to the partnership that you need: time, cash, expertise, contacts, or a combination of resources. (**TIP:** You can also look into a virtual partner to assist you with office support services.)

Now DO IT!

Start your new business

You have done your research, you have your business plan, and you have your financial backing and any partners in place. Now it is time to dive in and do it.

Most businesses take several years to get off the ground so don't give up too quickly. Persevere and you will likely be rewarded with a successful new business.

PROBLEM: “I don't have a support system.”

Option: Contact the Small Business Association in your area

The Small Business Association can provide you with a great deal of information about starting and operating a small business. They have a Small Business Resource Guide and a Start-Up Kit. Both are available in hard copy and o

Option: Search the Web for small business resource centers

Visit the Association of Small Business Development Centers site to find a center in your area. You can also check out the Small Business Resource & Help Center for links to other small business related sites.