

How to Start a Business You Love



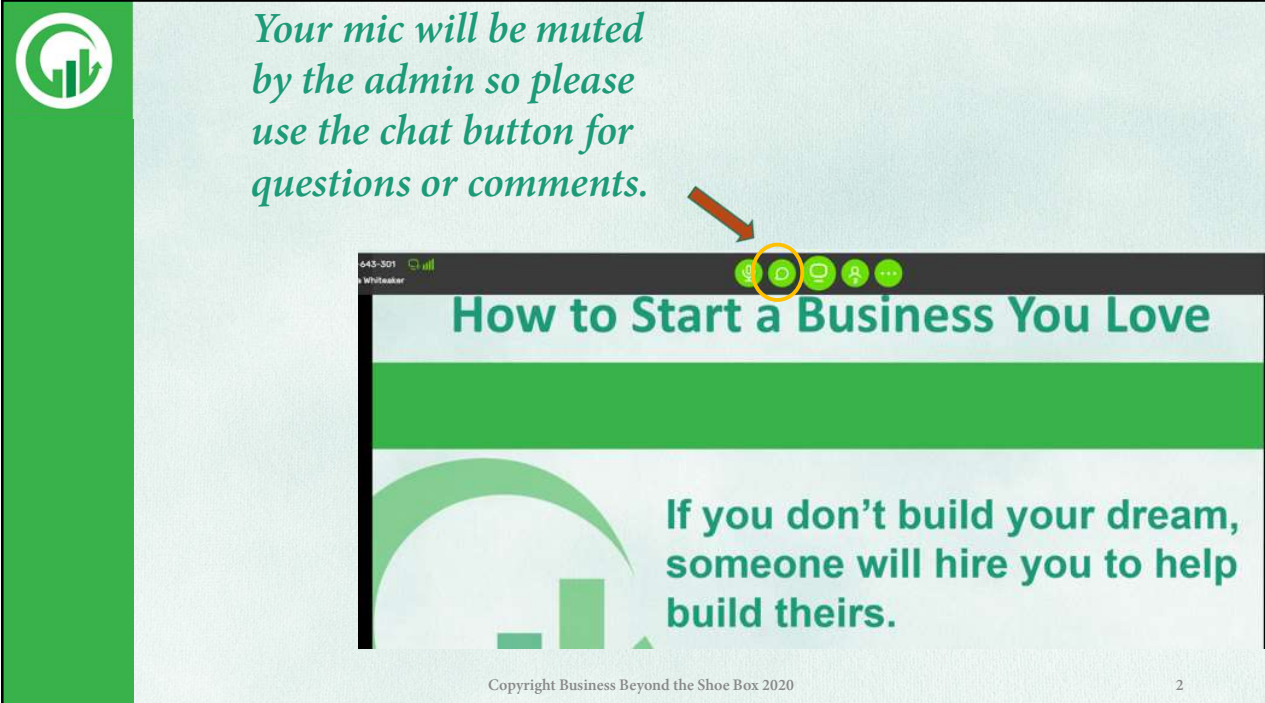
If you don't build your dream, someone will hire you to help build theirs.

Tony Gaskins

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1


1



Your mic will be muted by the admin so please use the chat button for questions or comments.

643-301
Whitaker

How to Start a Business You Love




If you don't build your dream, someone will hire you to help build theirs.

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2

2



**Success is not an event,
it's a result.**

Lorna Whiteaker



3

**WHY DO YOU
WANT TO START A
BUSINESS?**

Job uncertainty?

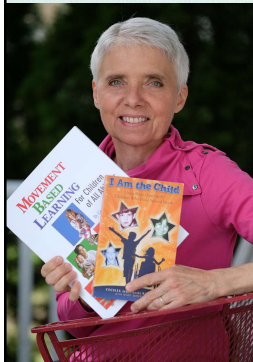
Or maybe you feel like
you have no chance at a
financial future if the
status quo remains
unchanged.



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4

or maybe . . . you want to *have a life doing what you love!*



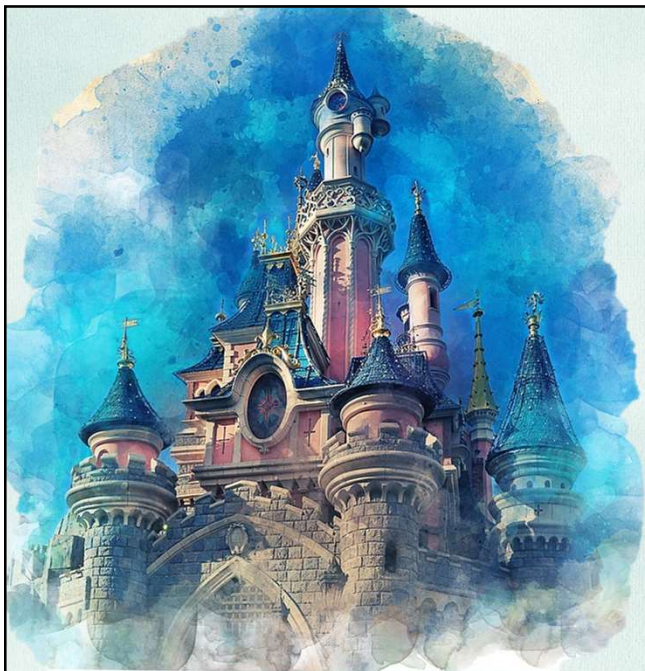
When I first met Cece she was unhappy in her teaching job. What she really wanted was to make a difference for children with disabilities and their families.

But she had no idea how she was ever going to be able to make a living doing what she loved. She didn't even know where to start.

Last year she sent me a Christmas Card telling me about her year . . . in France, Germany, Japan, England, Scotland, Italy, Slovenia, Holland, Malaysia, Indonesia, and the US – teaching what she loves.

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Are you an entrepreneur?

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6

6

Characteristics of an Entrepreneur

Creative -

Energized by new ideas, better ways of doing things and opportunities.

Passionate -

Love what they do and care about making a difference for people, animals, the planet.

7

Characteristics of an Entrepreneur

Motivated -

Goal driven. Willing to do the work.
Proactive about learning.

Optimistic -

Positive, enjoys challenges and excited by possibilities and opportunities

8

Characteristics of an Entrepreneur

Flexible -

Adapt to change and challenges. Problem solvers and decision makers.

Adventurous -

Willing to take calculated risks.



9



**FUNDAMENTAL PRINCIPLES,
SIMPLE STRATEGIES,
AND EFFECTIVE SYSTEMS
SUPPORT SUCCESS AND
PROFITABILITY!**

**If you don't have them
you get this**



10


How to Start a Business You Love



- Getting started.
- Making it legal.
- Marketing.
- Operations.
- Financial basics.

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11



Phase #1 of starting a business is FORMULATION

- This part is the *most fun and exciting* but also the place lots of potential entrepreneurs get *stopped*.
- What would I do if I could do *anything* I wanted to make a living doing what I love?
- What will *I name my business*?

12



How to choose a name for your business

- ❖ Best kinds of business names say something about you or what you do.
 - Joe's Café is not as useful as Joe's Crab Shack.
- ❖ Clever, cute, inspired, unique – that's your challenge.
- ❖ Be sure to research it.
 - Is it already in use?
 - Has it been used?

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13

13



GETTING STARTED

There is no elevator to success, you are going to have to take the stairs.

14



Do I really need a business plan?

Business Plans are **USEFUL**. They help you define your business, your customers, financial needs and objections and to identify obstacles early and identify solutions.

Business Plans are **MANDATORY** for getting loans and getting investors.

A simple business plan can be as little as **5 pages**.

15

Outline of a Business Plan

- Leadership* – who you are, what you do and why you do it.
- Marketing* – who your customers are and your USP
- Operations* – how you will get it done
- Financials* – how you will make money



16

FIRST – What do you do?

- Who I am.*
- What I do* (product/service).
- Why I do it* (what I care about, my mission, vision, purpose, *DREAM*).

Keep it simple. Keep it honest. Believe in yourself and what you do.

This becomes how you introduce yourself.

17

SECOND – Who do I serve?

- Who are my customers?* Be specific – men, women, children, and anything else you know about who they are.
- What do they want? Desire? Need?*
- What is your promise to them?*


18

It is ALWAYS about your CUSTOMERS


- ❑ Why will your customers buy? How does your product or service *meet their needs or wants (desire)*.
- ❑ Why is your product/service worth what you charge (*value, benefit, problem solved*)?



19



MAKING IT LEGAL



20

Keep it clean!

- Business Checking Account
- Business Credit Card
- Bookkeeping



21

Legal Structure Options

Sole Proprietor – Owned by an individual or spouses.

*Partnership*** – Owned by 2 or more individuals.


LLC – Limited Liability Company; owned by one or more.

Corporation – C-Corp, S-Corp, B-Corp, Non-Profit.

Franchise – Owned by way of a license.

**Partnerships are like a marriage, easy enough to get into but can be very hard and expensive to get out of. Get a business “pre-nup.”


22



COST CONSIDERATIONS

- Sole Proprietors have lowest cost to set up.
- Partnerships, LLC's and all corporate models have higher relative costs for set up.
- Corporations and LLC's have minimum annual state taxes (\$800 in California)
- Corporations, LLC's and Partnerships all need separate tax return preparation.

25




TAX CONSIDERATIONS

NON-CORPORATE Taxed on 1040	CORPORATE Taxed Separately
Sole Proprietorship	C-Corporation
Partnership	Taxes passed through to 1040
Taxes determined by set up**	S-Corporation
LLC	

**Single member, partnership, or corporation


26

THE 5 PRIMARY CONSIDERATIONS FOR CHOOSING TO BE A CORPORATION, LLC, OR PARTNERSHIP

- 
- *Tax benefits / payroll option*
 - *Liability / asset protection*
 - *Credibility*
 - *Name protection*
 - *Investment / capital*

27

Tax benefits / payroll option

- 
- ❖ Officers can receive wages via payroll
 - ❖ Income passes thru without Self Employment tax when paid wages

28



Liability / asset protection

Insurance
Compliance

29


Credibility




Smith Enterprises

Robert Smith, CEO
999-888-5050


30



Name protection

- ❖ FBN – County
- ❖ Corporation & LLC – State
- ❖ Trademark – Nationally

31



Investors / capital

- ❖ C- Corporation legal structure
- ❖ Business Plan
- ❖ Comprehensive Financial Reports
- ❖ Grants (Grants.gov)

32



GET STARTED: SOLE PROPRIETOR

- Choose your Business Name
- File and Publish Fictitious Business Name – County Clerk Recorder
- Get your Business Checking Account
- You may also need:
 - City Business License
 - State Resale License
 - County/City Licenses and Permits (home use, health, signage, building use)
 - Industry specific license

33

Pros & Cons for Sole Proprietorship

- ❖ Minimal paperwork/compliance
- ❖ Easy and quick set up
- ❖ Unlimited liability
- ❖ No asset protection
- ❖ Subject to Self Employment tax



34

DIFFERENCES BETWEEN LLC AND CORPORATION

- ❖ Both offer liability protections
- ❖ Both offer tax benefits
- ❖ Both offer credibility and name protection
- ❖ LLCs cost less to start and have fewer compliance requirements
- ❖ Corporations have stock

35



GET STARTED: CORPORATIONS & LLCs

- Choose your Business Name.
- Prepare organizational documents and file with State and get State ID number.
- Get EIN from IRS.
- Request S-Corp tax treatment if wanted.
- Get your Business Checking Account.
- Get other licenses as needed (City, State, County, etc.).

36

Pros & Cons for Corporations & LLC's



- ❖ Significant paperwork/compliance
- ❖ Longer time to get set up
- ❖ Limited liability
- ❖ Good asset protection
- ❖ Tax benefits / payroll for officers
- ❖ Separate tax returns
- ❖ Capital investors

37



38



Customers are a *fundamental* element for every business.

Without them you do not have a business.

It's not enough to be clear on *who they are*.

You must know *why they will buy* from you.

39

Why do customers buy?

- ❖ Value vs. Cost
- ❖ Uniqueness
- ❖ Customer Service
- ❖ Loyalty
- ❖ Features vs. Benefits
- ❖ Desire vs. Need



40



Unique selling position

- How is your product or service *unique*?
- What is the *value/benefit* of what you are offering to your customers?
- Is it highly *desirable*? Why?
- Is there a *need*? Will they buy/take *action*?
- Who is your *competition*? How will you compete? How do *you differ*?

41



What makes you stand out?

Define your USP by thinking about the customer's desire and need.

Base your USP on *benefits*, not features.

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42

The Competition





- ❖ Who are they?
- ❖ Where are they?
- ❖ What are they doing well?
- ❖ What can I do better?
- ❖ How do I find out?

43

What is the #1 route to the customer?

You are!



44



WHERE ARE YOUR CUSTOMERS?

Where your customers are located determines the routes you will use to reach them.

- ❖ Local?
- ❖ Regional?
- ❖ State?
- ❖ National?
- ❖ International?

45

People do business with those they *know, like, and trust.*

- ❖ Network like crazy.
- ❖ Build and maintain relationships.



46

HOW TO FIND CUSTOMERS

Network like crazy - 3+ cards/day

- Networking groups
- Workshops
- Chamber mixers
- People you meet

Share with them who you are, what you do (USP) and your why.



47



OTHER ROUTES TO CUSTOMERS

- ❖ Store Front
- ❖ Referrals
- ❖ Sales Team
- ❖ Direct Mail/Email
- ❖ Radio and Television
- ❖ Newspapers and Publications

48

HOW TO FIND CUSTOMERS

Build and maintain relationships.

- Online
- Website
- Email newsletters
- Social Media

Share with them who you are, what you do (USP) and your why.



49



SO
MANY

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H
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C
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50



PICK A FEW TO START



51



OPERATIONS



52

Can you make a cupcake?



Envision the end result.

Work backwards.

Think about what you need in order to create the end result.

Make a list of every ingredient, tool, help, time needed, etc.

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53

53

Paint a picture of how your business will work.

This is *Operations*.



- Home office? Other location?
- Daily/weekly activities.
- Who will do all the things your business needs to produce results?
 - ❖ *Marketing,*
 - ❖ *Sales,*
 - ❖ *Delivery of service/product,*
 - ❖ *Bookkeeping,*
 - ❖ *Customer care.*

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54

54

Let's take a
break
5 minutes

*Be sure to come right back.
We're going to have the money talk next.
Woo Hoo!*

55

MANAGING YOUR
MONEY

56



The top 1% of Americans hold nearly 50% of US wealth.

The bottom 50% of Americans hold just 6.1% of assets.

Bloomberg.com - Alexandre Tanzi and Michael Sasso
November 9, 2019

57



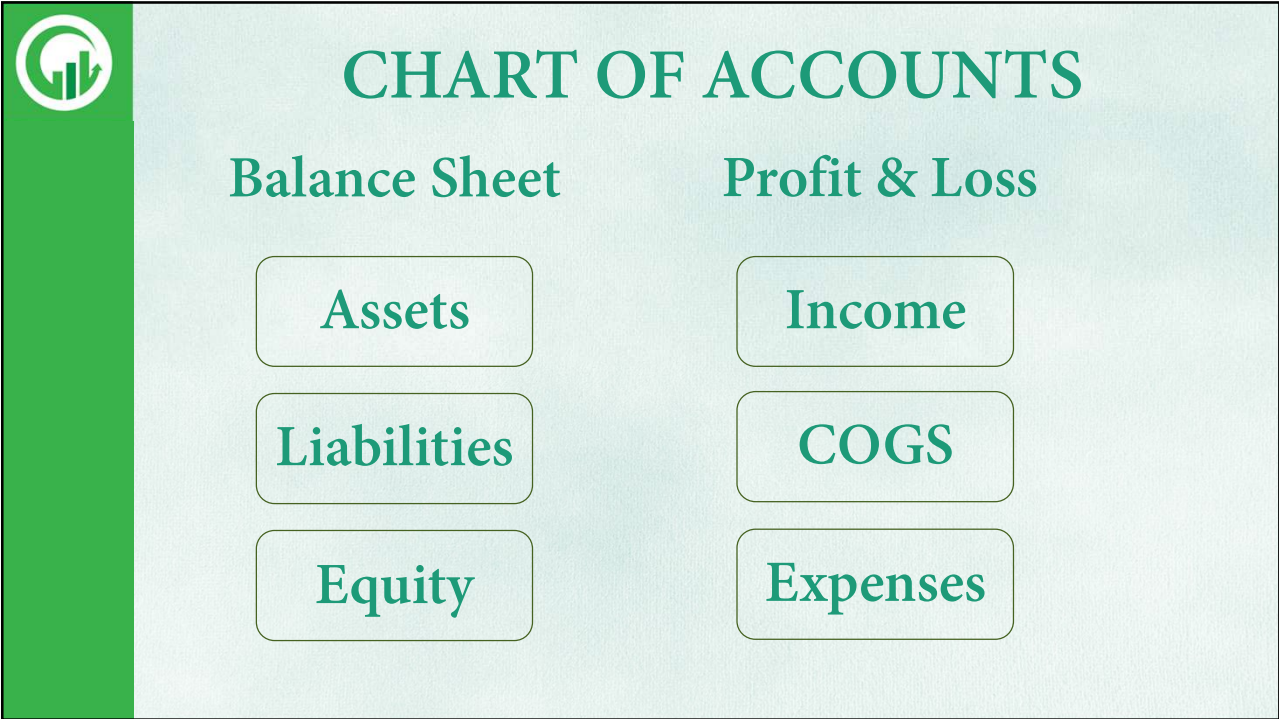
- ❖ 66% of small business owners wish they knew more about their finances. *lack financial training*
- ❖ 40% ~~say they are financially illiterate.~~
- ❖ 81% handle their business' finances themselves.

Intuit Inc. in partnership with Decipher Market Research - November 13, 2014

58



59



60



61

Balance Sheet

ASSETS			
Cash		\$47,750.00	
Accounts receivable		\$3,000.00	
Inventory		\$1,000.00	
Equipment		\$5,000.00	
	Total Assets		\$56,750.00
LIABILITIES AND EQUITY			
Accounts payable		\$8,650.00	
Payroll Taxes Due		\$900.00	
Note payable - equipment		\$4,550.00	
	Total Liabilities		\$14,100.00
Owners Add		\$25,000.00	
Owners Draw		-\$5,000.00	
Net income		\$22,650.00	
	Total Equity		\$42,650.00
	Total Liabilities and Equity		\$56,750.00

62

Profit & Loss**

Sales		
Repair Services	\$24,000.00	
Equipment Sales	\$36,000.00	
Total Sales		\$60,000.00
Cost of goods sold		
		\$18,000.00
Gross Profit		\$42,000.00
Expenses		
Advertising	\$825.00	
Insurance	\$800.00	
Interest	\$50.00	
Legal and accounting	\$775.00	
Office supplies	\$200.00	
Rent	\$10,650.00	
Wages	\$5,150.00	(Employee wages)
Payroll tax expense	\$900.00	
Total Expenses		\$19,350.00
Net Profit	**Sole Proprietor	\$22,650.00 Taxable

63

Cash Flow

Cash in		
Sales	\$57,000.00	
Owners cash	\$25,000.00	
Total cash in		\$82,000.00
Available cash		\$82,000.00
Cash out		
Advertising	\$825.00	
Insurance	\$800.00	
Interest	\$50.00	
Inventory purchase	\$19,000.00	
Legal and accounting	\$775.00	
Office supplies	\$200.00	
Rent	\$2,000.00	
Wages	\$5,150.00	
Note payment	\$450.00	
Owners draw	\$5,000.00	(Owner pays self)
Total cash out		\$34,250.00
Ending cash	**Sole Proprietor	\$47,750.00

64



HOW TO DETERMINE YOUR FINANCIAL FLOOR AND SET FINANCIAL TARGETS

- ➔ Identify Annual *Business* Costs & Expenses
- ➔ Identify Annual *Personal* Costs & Expenses
- ➔ *Add together and divide by 12 for the revenue you need to generate monthly!*

65

CREATING YOUR FINANCIAL FUTURE

Add to your business and personal floors:

- ★ Estimated tax liability!
- ★ Emergency savings!
- ★ Debt reduction?
- ★ Vacations and Family Fun!
- ★ Retirement!
- ★ College? Wedding? **And ????**



66

Example of how to determine your financial floor and set financial targets



67



Example / service business

Mary needs \$60,000/year gross revenue

Works 12 months/year = 50 weeks/year**

\$60,000 ÷ 50 = \$1,200/week

5 days/week = \$240/day

6 hours/day = \$40/hour

**2 weeks vacation

68



Example / products business

Mary needs \$60,000/year gross revenue

Can sell 1 widget per day x 5 = 260 units/year

Needs \$60,000/year = \$231/widget

COGS (cost of widget) = \$100

Charge per widget = \$331/widget

260 x \$331 = \$86,060

260 x \$100 = \$26,000

Total revenue = \$60,060

Note: There are lots of other ways to price widgets.


69



Implement a revenue strategy
that fits your goals

- ❖ Employee
- ❖ Lateral
- ❖ Spiral
- ❖ Funnel


70



Implement a revenue strategy that fits your goals

Lateral
(hours worked x hourly rate)

71




Implement a revenue strategy that fits your goals

Lateral
(hours worked x hourly rate)

Spiral
(example - GoDaddy)

72



Implement a revenue strategy that fits your goals

Lateral (hours worked x hourly rate)

Spiral (example - GoDaddy)

Funnel (subscriptions and apps)

73



- Most businesses don't see much traction in their 1st 3 months
- Months 4-6 should be better (if not - *DO SOMETHING about it*)
- Subsequent months should continue to grow
- Strive to reach goal targets within 18 months
- At 24 months, if you have not hit targets you may be out of money

2 year plan




Month	Revenue (\$)
1	1
2	2
3	3
4	4
5	6
6	8
8	10
9	12
10	13
11	14
12	16
13	18
14	19
15	20
16	22
17	24
18	26
19	28
20	32
21	34
22	38
23	42
24	48

Planning for growth and money management

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74

The slide features a light green background with a circular graphic on the left containing a bar chart with three bars of increasing height and an upward-pointing arrow. The title 'Startup Expenses' is in a dark green serif font.

Startup Expenses

- Business cards
- Telephone, computer, software
- Advertising
- Tools and equipment
- Deposits for utilities and leases
- Leasehold improvements
- Licenses and permits
- Legal and accounting
- Insurance

75

The slide features a light green background with a circular graphic on the left containing a bar chart with three bars of increasing height and an upward-pointing arrow. The title 'Funding options to get started' is in a dark green serif font.

Funding options to get started

1. Personal resources
2. Friends and family
3. Banks / SBA Guaranteed loan
4. Crowd sourcing (i.e. Kickstarter or Indiegogo)
5. Grants or peer-to-peer lending
6. Angel investors (< \$500K)
7. Venture capitalists (+ \$500K)

76

Are YOU?




*Creative, passionate, motivated,
optimistic, adventurous?*

*Ready to create a life doing what
you love?*

77


Have a Business and a life you love.



- ❖ Identify what you do, who you serve and your why.
- ❖ Make it legal.
- ❖ Identify your USP.
- ❖ Start your journey towards *your financial future.*

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78



**FINANCIAL
SAVVY is learned**

and

**MASTERY
takes practice**



79



**Success is not an
event, it's a
result!**

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80



**Business Beyond
the Shoe Box**
SYSTEMS AND SOLUTIONS
FOR
SMALL BUSINESS OWNERS

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81