

How to Start Your Business



Wind River
DEVELOPMENT FUND

PROVIDING FINANCIAL OPPORTUNITIES ON THE WIND RIVER INDIAN RESERVATION



WYOMING
ENTREPRENEUR.BIZ
SMALL BUSINESS DEVELOPMENT CENTER

Agenda

- I. So You Want to Start a Business?
- II. Know Thyself
- III. Do I Have a Good Business Idea?
- IV. Get Organized: Legal, Tax and Other Fun Topics
- V. Show Me the Money
- VI. Resources

Are you sure you want to do this?!

HELP WANTED: Combination manager-stock clerk to take full charge of new firm. Must like people and hard work. Duties include management, purchasing, production, books, payroll, marketing, personnel, shipping and receiving, customer complaints, government and public relations, janitorial and sales. Must be available 24 hours, 7 days a week. Furnish own transportation. Salary and benefits depend on profits. Failure to meet goals may result in forfeiture of personal residence, repossession of car and furniture, destruction of credit rating, loss of health. No vacation likely for a minimum of 2 years. Good opportunity for nervous breakdown and marital breakup. No previous experience necessary but all experience might be helpful. Apply in person. An equal opportunity employer.

RANDY BACA-SMITH

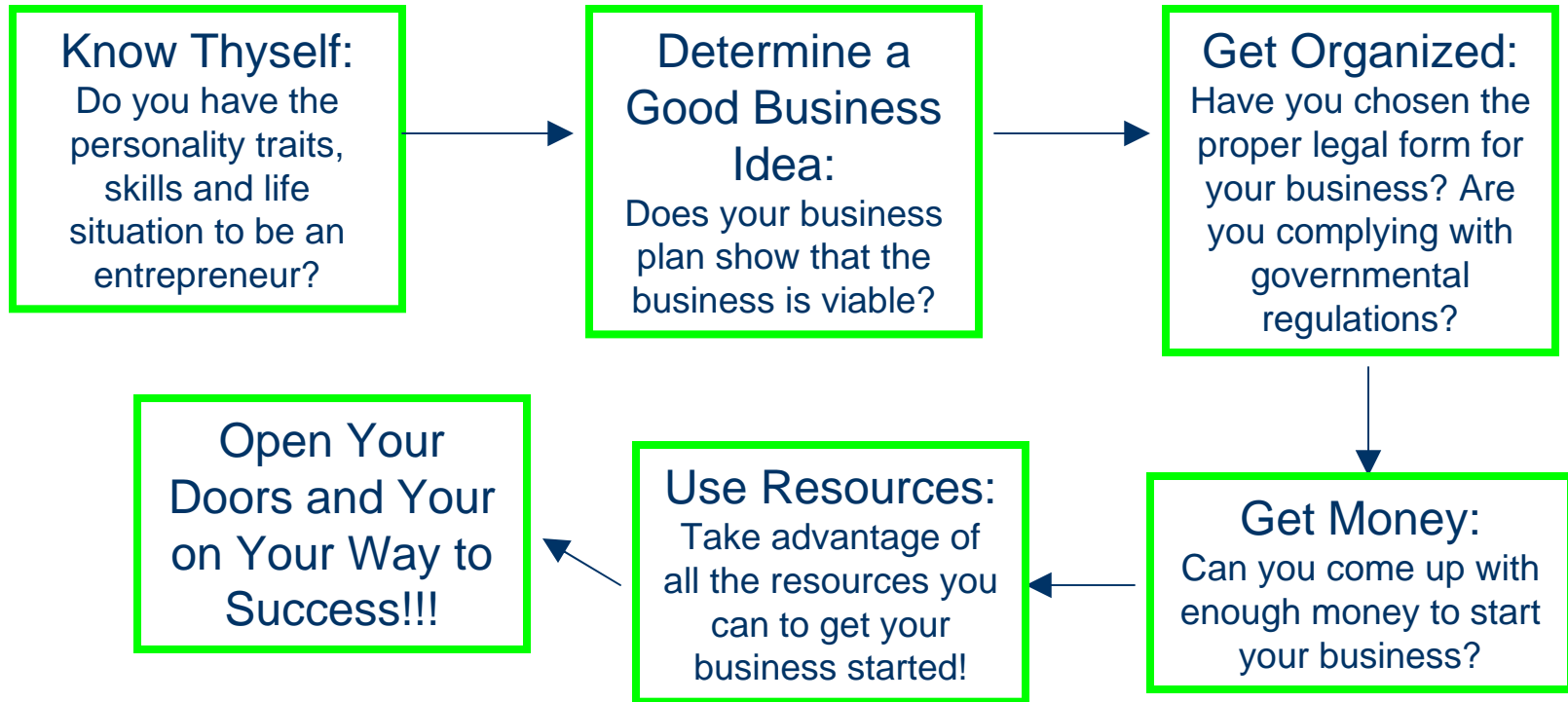
The Good News...

- Small businesses produce 51% of the private sector output
- 56% of the private work force is employed by small business
- 75% of new jobs created are in small business

The Facts...

- An estimated 50% of new businesses fail in the first year. By year 5, 90% of them are no longer in business.
- Banks will generally not loan money to start-up businesses
- Poor cash flow is a major cause of business failure
- Operating a business can cause severe marital stress
- Most business owners lack some of the skills needed to be successful
- Most business owners don't develop a plan for their business

Pathway to a Successful Business



Why Start a Business???

- Be your own boss
- Follow your passion
- Take control of your own destiny
- Make money
- Just retired/Lost my job
- Want to work from home
- Why do you want to start a business?

Why Not???

- Long hours
- No benefits
- More stress
- More risk
- Less money for the first few years
- Need to care for others
- More responsibility
- Fear of failure
- Why do you not want to start a business?

Know Thyself

- Personality Traits
- Business Skills
- Current Life Situation

Know Thyself – Personality Traits of Successful Entrepreneurs

- Passion
- Persistence
- Energy
- Creativity and innovation
- Independent and self-reliant
- Self-confident and self-motivated
- Market awareness
- Hard Work Ethic
- Risk taker
- What personality traits do you have?

Know Thyself – Business Skills

- Marketing
- Customer service
- Product/Service quality
- Financial management
- Employee management
- Sales
- Pricing
- Strategic Planning
- What business skills do you have or need to improve?

Know Thyself – Current Life Situation

- Personal Financial Situation
 - How much money do you need to make each month from the business?
 - Can you afford to start the business now?
 - How much money can you invest in the business?
 - Can you withstand some tough years financially?

Know Thyself – Current Life Situation

- Net Worth = Assets – Liabilities

What You Own (Assets)

Cash

Savings

Vehicles

Real estate (home, other)

Personal assets (furniture, electronics, ATV, jewelry, etc.)

What You Owe (Liabilities)

Credit card debts

Mortgage (on home)

Vehicles loans

Outstanding medical bills

Other debt (family, per cap loan, etc.)

Know Thyself – Current Life Situation

- Credit History
 - What is it?
 - Why does it matter?

Know Thyself – Current Life Situation

- Other stuff
 - Family support
 - Health
 - Dependents in the home
 - Business fit with lifestyle
 - Reliable transportation
 - Need for benefits

Know Thyself



- Q. What if you don't have all the traits and skills and your current life situation isn't perfect?
- A. Recognize your weaknesses and seek assistance from others.

Determining a Good Business Idea

What is a business plan?

- History, mission and goals
- Description of the business
- Industry information
- How will you operate the business?
- Who will your customers be?
- How will you get customers?
- How much money will the business need?

Determining a Good Business Idea

Why should you write a business plan?

- Road map to the future
- To see if the business will succeed or fail
- Helps you think everything through
- Challenges your assumptions
- Tool to access funding
- Helps you see if your pricing is correct
- Makes you more knowledgeable about your business
- Why should you write a business plan?

Business Plan

- Executive Summary
 - Don't write until the end
- History, Mission & Goals
 - History and general description of business
 - Mission statement
 - Short and long term goals

Business Plan

- Management
 - Who will own the business?
 - Who will manage the business?
 - What are their qualifications?
 - Advisory team?

Business Plan

- Operations

- Legal structure
- Physical location, facilities, equipment
- Operating procedures
- Employees
- Regulations applicable to your business
- How will you protect your business? (insurance, trademarks, copyrights, etc.)

Business Plan

- Marketing Plan
 - Industry overview and trends
 - Competitors
 - Description of products/services
 - Pricing strategy
 - Competitive advantage
 - Market analysis
 - Marketing strategy

Business Plan

- Financial Plan

- List of start-up costs
- Pricing and breakeven worksheets
- Cash flow projections: monthly for two years
- Income statement & balance sheet projection: annual for two years
- List of assumptions for financial statements
- Sources and uses of borrowed funds if borrowing money

Business Plan

- Appendix
 - Resumes
 - Marketing materials, if any
 - Copy of licenses
 - Pricing list
 - Any other supporting documents

Business Plan

● Frequently Asked Questions

- Don't only big businesses need business plans?
- How long does it take to write a business plan?
- How long is a business plan?
- Should I talk about weaknesses in my plan?
- Do I have to do my plan on a computer?
- Do non-profits need a business plan?
- Do I have to write it myself?
- Once I write it can I put it away?

Get Organized

- Legal Structure
 - Sole proprietor
 - Partnership
 - Limited Liability Company (LLC)
 - Corporation

Get Organized

- Licensing, Permits & Regulations
 - Tribal
 - TERO Business license required
 - Wyoming
 - Corporation registration
 - Other depending on business
 - Federal
 - Depending on business

Get Organized

- State Taxes
 - Sales & Use Tax
 - Unemployment Tax (if you have employees)
 - Workers Compensation (if you have employees)
- Federal Taxes
 - Social security (if you have employees)
 - Self-employment (sole proprietor)
 - Unemployment (if you have employees)
 - Income tax
- TERO Fee

Show Me the Money



Equity vs. Debt ???

Show Me the Money – Equity

- Self
 - No strings!
- Family
 - Some strings
- Outside Investors
 - Usually give up some ownership

Show Me the Money – Equity

- Grants

- Market analysis, feasibility study
 - *USDA RBEG, Wyoming Business Council*
- Artistic/culture-related business
 - *Wyoming Arts Council*
- Workforce Training
 - *WY Dept of Workforce Services*
- Trade Shows
 - *Wyoming Business Council*
- New innovations (usually technology)
 - *Small Business Innovation Resource*

Show Me the Money – Debt

- Banks
 - First Interstate, Bank of the West, Wells Fargo
- Credit Unions
 - Atlantic City Federal CU, WY Employees Federal CU
- Loan Funds
 - WRDF, Yellowstone Development District, WY Women’s Biz Center, Native American Development Corp, Wyoming Business Council

Show Me the Money – Debt

What do lenders look for?

- Credit History
- Commitment
- Cash Flow
- Collateral
- Character

Resources



Use as many as you can!!!

Contact the Wind River Development Fund at
(307) 335-7330 for more information and assistance.

