

II. SHOULD I OWN MY OWN BUSINESS?

Only you can make the important decision whether to own your own business. The following four factors are essential for the success of any business. Before you commit to an entrepreneurial undertaking, consider how you and your business idea stack up relative to each factor and assess your likelihood of success:

Viable Business Opportunity

There must be a potential customer need for the products/services you will offer. You must be able to convince customers that there is a reason to buy from you (instead of competitors). Then, you must produce and deliver the products/services at a cost that will yield a profit.

Realistic, Detailed Plan

There must be a detailed plan that describes what the company will produce, to whom and how it will sell, and realistic projections of the likely financial outcome.

Sufficient Capital

The company must have sufficient capital resources to start and then maintain operations, especially during the initial period in which sales may be minimal. Some of this capital *must* be provided by the company's owners.

Personal Qualifications

The owners/managers must have competence in all of the following areas. It should be noted that inability to perform in one or more of the foregoing three areas will greatly reduce your likelihood of success.

- Marketing Strategies*: Knowing what product/service to sell, what prices to set, which customers to target, how to reach them and motivate them to buy.
- Technical Ability*: Knowing how to cost-effectively produce and deliver products/services with the features, quality and timeliness that will satisfy customers and earn a profit for the company..
- Financial Knowledge*: Knowing how to plan and control invoicing, collections, expenses, financing arrangements, cash flow and management information.

POINTS TO CONSIDER BEFORE MAKING THIS CRITICAL DECISION

The Entrepreneurial Personality & Mindset

There are a number of personal factors that need to be carefully weighed from your unique perspective. The sections that follow outline some of these factors; reviewing them should help you make a well-informed decision.

I want to own my own business because:

- I want to make a lot of money.*
- I don't want to have a boss.*
- I want to be free to schedule my own time and efforts.*
- I want my income to directly reflect my own efforts.*
- I want to build a business that my family can run when I retire.*
- I need a job.*
- Some of my family members need jobs.*
- I want to do something that I enjoy more than my present job.*
- I want to contribute something more to society than I can working for a company.*
- I have a great idea for a new product/service.*
- I hate red tape & company politics.*
- I want to participate in all facets of company management.*
- I'm looking for recognition and fame.*
- I have a "calling."*
- I'm seeking the satisfaction of building a successful business.*

I have some unique experience and/or education that will help me set up and manage a business of the type I'm considering:

My spouse understands and accepts the risks and time commitment that will be required for me to start, own and manage my own business: Yes; No.

I need to bring home at least \$ _____ each month in order to cover my personal living expenses and support a desirable lifestyle.

I rate myself as follows in the following entrepreneurial characteristics:

	<u>Better than Average</u>	<u>About Average</u>	<u>Below Average</u>
<i>I am a self-starter.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I am always looking for opportunities.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I am not afraid to take reasonable risks.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I am future-oriented and optimistic.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I am able to follow through on commitments.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I am driven to achieve success.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I am driven to be the best at things.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I like to work with people.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I like to take the lead at work.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I am a good organizer/planner.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I am able to attend to details.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I am able to see a big picture.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I am resourceful and a problem-solver.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I prefer to plan rather than responding to events.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I am a high-energy person.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I am self-confident.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I am able to respond to changing situations.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I'm in the habit of working hard.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>I'm an independent, non-conformist.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

NON-CONSULTING BUSINESS CALCULATION OF OWNER'S TARGET

EXAMPLE

MONTHLY SALARY	\$2,500		
LESS: PAID MEDICAL INSURANCE	(100)		
EMPLOYEE RETIREMENT	(50)		
EMPLOYEE FICA	(191)		
NET PRE-TAX INCOME	\$2,159		
ADD: RETURN ON \$10,000 @ 10%	83		
TOTAL PRE-TAX INCOME & INVESTMENT RETURN	\$2,242		

TOTAL INCOME AS AN EMPLOYEE (ABOVE)	\$2,242		
ADD: EMPLOYER & EMPLOYEE FICA	382		
MEDICAL INSURANCE	300		
PORTION RETIREMENT	100		
TOTAL BUSINESS PROFIT NEEDED	\$3,024		

