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Small Marketers Aids
U.S. Small Business Administration

Checklist for Going into Business

Thinking of starting a business? Ask yourself these questions.

You want to own and manage your own business. It's a good idea—provided you know what it takes and have what it takes.

Starting a business is risky at best. But your chances of making it go will be better if you understand the problems you'll meet and work out as many of them as you can before you start.

Here are some questions to help you think through what you need to know and do. Check each question if the answer is YES. Where the answer is NO, you have some work to do.

How about a partner

If you need a partner with money or know-how that you don't have, do you know someone who will fit—someone you can get along with? ____

Do you know the good and bad points about going it alone, having a partner, and incorporating your business? ____

Have you talked to a lawyer about it? ____

How about your customers?

Do most businesses in your community seem to be doing well? ____

Have you tried to find out whether stores like the one you want to open are doing well in your community and in the rest of the country? ____

Do you know what kind of people will want to buy what you plan to sell? ____

Do people like that live in the area where you want to open your store? ____

Do they need a store like yours? ____

If not, have you thought about opening a different kind of store or going to another neighborhood? ____

(More questions on page 8)

Can you make decisions?

- ☐ I can make up my mind in a hurry if I have to. It usually turns out O.K., too.
- ☐ I can if I have plenty of time. If I have to make up my mind fast, I think later I should have decided the other way.
- ☐ I don't like to be the one who has to decide things.

Can people trust what you say?

- ☐ You bet they can. I don't say things I don't mean.
- ☐ I try to be on the level most of the time, but sometimes I just say what's easiest.
- ☐ Why bother if the other fellow doesn't know the difference?

Can you stick with it?

- ☐ If I make up my mind to do something, I don't let *anything* stop me.
- ☐ I usually finish what I start—if it goes well.
- ☐ If it doesn't go right away, I quit. Why beat your brains out?

How good is your health?

- ☐ I *never* run down!
- ☐ I have enough energy for most things I want to do.
- ☐ I run out of energy sooner than most of my friends seem to.

Now count the checks you made.

How many checks are there beside the *first* answer to each question? ____

How many checks are there beside the *second* answer to each question? ____

How many checks are there beside the *third* answer to each question? ____

If most of your checks are beside the first answers, you probably have what it takes to run a business. If not, you're likely to have more trouble than you can handle by yourself. Better find a partner who is strong on the points you're weak on. If many checks are beside the third answer, not even a good partner will be able to shore you up.

Now go back and answer the first question on page 2.

Legal and other professional fees			3 times column 1
Miscellaneous			3 times column 1
STARTING COSTS YOU ONLY HAVE TO PAY ONCE			Leave column 2 blank
Fixtures and equipment			Fill in worksheet 3 on page 12 and put the total here
Decorating and remodeling			Talk it over with a contractor
Installation of fixtures and equipment			Talk to suppliers from who you buy these
Starting inventory			Suppliers will probably help you estimate this
Deposits with public utilities			Find out from utilities companies
Legal and other professional fees			Lawyer, accountant, and so on
Licenses and permits			Find out from city offices what you have to have
Advertising and promotion for opening			Estimate what you'll use
Accounts receivable			What you need to buy more stock until credit customers pay
Cash			For unexpected expenses or losses, special purchases, etc.
Other			Make a separate list and enter total
TOTAL ESTIMATED CASH YOU NEED TO START WITH		$	Add up all the numbers in column 2

Do you know what financial statements you should prepare? ____

Do you know how to use these financial statements? ____

Do you know an accountant who will help you with your records and financial statements? ____

Your store and the law

Do you know what licenses and permits you need? ____

Do you know what business laws you have to obey? ____

Do you know a lawyer you can go to for advice and for help with legal papers? ____

Protecting your store

Have you made plans for protecting your store against thefts of all kinds—shoplifting, robbery, burglary, employee stealing? ____

Have you talked with an insurance agent about what kinds of insurance you need? ____

Buying a business someone else has started

Have you made a list of what you like and don't like about buying a business someone else has started? ____

Are you sure you know the real reason why the owner wants to sell his business? ____

Have you compared the cost of buying the business with the cost of starting a new business? ____

Is the stock up to date and in good condition? ____

Is the building in good condition? ____

Will the owner of the building transfer the lease to you? ____

Have you talked with other businessmen in the area to see what they think of the business? ____

Have you talked with the company's suppliers? ____

Have you talked with a lawyer about it? ____

Credit for your customers

Have you decided whether to let your customers buy on credit? ____

Do you know the good and bad points about joining a credit-card plan? ____

Can you tell a deadbeat from a good credit customer? ____

A FEW EXTRA QUESTIONS

Have you figured out whether you could make more money working for someone else? ____

Does your family go along with your plan to start a business of your own? ____

Do you know where to find out about new ideas and new products? ____

Do you have a work plan for yourself and your employees? ____

Have you gone to the nearest Small Business Administration office for help with your plans? ____

If you have answered all these questions carefully, you've done some hard work and serious thinking. That's good. But you have probably found some things you still need to know more about or do something about.

Do all you can for yourself, but don't hesitate to ask for help from people who can tell you what you need to know. Remember, running a business takes guts! You've got to be able to decide what you need and then go after it.

Good luck!

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WORKSHEET NO. 3

LIST OF FURNITURE, FIXTURES, AND EQUIPMENT

Leave out or add items to suit your business. Use separate sheets to list exactly what you need for each of the items below.	If you plan to pay cash in full, enter the full amount below and in the last column.	If you are going to pay by installments, fill out the columns below. Enter in the last column your downpayment plus at least one installment.			Estimate of the cash you need for furniture, fixtures, and equipment
		Price	Downpayment	Amount of each installment	
Counters	$	$	$	$	$
Storage shelves, cabinets					
Display stands, shelves, tables					
Cash register					
Safe					
Window display fixtures					
Special lighting					
Outside sign					
Delivery equipment if needed					
TOTAL FURNITURE, FIXTURES, AND EQUIPMENT (Enter this figure also in worksheet 2 under "Starting Costs You Only Have To Pay Once," page 7.)					$

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MAKING IT GO

Advertising

Have you decided how you will advertise? (Newspapers—posters—handbills—radio—by mail?) ____

Do you know where to get help with your ads? ____

Have you watched what other stores do to get people to buy? ____

The prices you charge

Do you know how to figure what you should charge for each item you sell? ____

Do you know what other stores like yours charge? ____

Buying

Do you have a plan for finding out what your customers want? ____

Will your plan for keeping track of your inventory tell you when it is time to order more and how much to order? ____

Do you plan to buy most of your stock from a few suppliers rather than a little from many, so that those you buy from will want to help you succeed? ____

Selling

Have you decided whether you will have salesclerks or self-service? ____

Do you know how to get customers to buy? ____

Have you thought about why you like to buy from some salesmen while others turn you off? ____

Your employees

If you need to hire someone to help you, do you know where to look? ____

Do you know what kind of person you need? ____

Do you know how much to pay? ____

Do you have a plan for training your employees? ____

Your building

Have you found a good building for your store? ____

Will you have enough room when your business gets bigger? ____

Can you fix the building the way you want it without spending too much money? ____

Can people get to it easily from parking spaces, bus stops, or their homes? ____

Have you had a lawyer check the lease and zoning? ____

Equipment and supplies

Do you know just what equipment and supplies you need and how much they will cost? (Worksheet 3 and the lists you made for it should show this.) ____

Can you save some money by buying secondhand equipment? ____

Your merchandise

Have you decided what things you will sell? ____

Do you know how much or how many of each you will buy to open your store with? ____

Have you found suppliers who will sell you what you need at a good price? ____

Have you compared the prices and credit terms of different suppliers? ____

Your records

Have you planned a system of records that will keep track of your income and expenses, what you owe other people, and what other people owe you? ____

Have you worked out a way to keep track of your inventory so that you will always have enough on hand for your customers but not more than you can sell? ____

Have you figured out how to keep your payroll records and take care of tax reports and payments? ____

WORKSHEET NO. 2

ESTIMATED MONTHLY EXPENSES			
Item	**Your estimate of monthly expenses based on sales of $ _____ per year**	**Your estimate of how much cash you need to start your business** (See column 3.)	**What to put in column 2** (These figures are typical for one kind of business. you will have to decide how many months to allow for in your business.)
	Column 1	Column 2	Column 3
Salary of owner-manager	$	$	2 times column 1
All other salaries and wages			3 times column 1
Rent			3 times column 1
Advertising			3 times column 1
Delivery expense			3 times column 1
Supplies			3 times column 1
Telephone and telegraph			3 times column 1
Other utilities			3 times column 1
Insurance			Payment required by insurance company
Taxes, including Social Security			4 times column 1
Interest			3 times column 1

WORKSHEET NO. 1

Under each question, check the answer that says what you feel or comes closest to it. Be honest with yourself.

Are you a self-starter?

- ☐ I do things on my own. Nobody has to tell me to get going.
- ☐ If someone gets me started, I keep going all right.
- ☐ Easy does it. I don't put myself out until I have to.

How do you feel about other people?

- ☐ I like people. I can get along with just about anybody.
- ☐ I have plenty of friends—I don't need anyone else.
- ☐ Most people irritate me.

Can you lead others?

- ☐ I can get most people to go along when I start something.
- ☐ I can give the orders if someone tells me what we should do.
- ☐ I let someone else get things moving. Then I go along if I feel like it.

Can you take responsibility?

- ☐ I like to take charge of things and see them through.
- ☐ I'll take over if I have to, but I'd rather let someone else be responsible.
- ☐ There's always some eager beaver around wanting to show how smart he is. I say let him.

How good an organizer are you?

- ☐ I like to have a plan before I start. I'm usually the one to get things lined up when the group wants to do something.
- ☐ I do all right unless things get too confused. Then I quit.
- ☐ You get all set and then something comes along and presents too many problems. So I just take things as they come.

How good a worker are you?

- ☐ I can keep going as long as I need to. I don't mind working hard for something I want.
- ☐ I'll work hard for a while, but when I've had enough, that's it.
- ☐ I can't see that hard work gets you anywhere.

BEFORE YOU START

How about YOU?

Are you the kind of person who can get a business started and make it go? (Before you answer this question, use the worksheet on pages 4 and 5.) ____

Think about *why* you want to own your own business. Do you want to badly enough to keep you working long hours without knowing how much money you'll end up with? ____

Have you worked in a business like the one you want to start? ____

Have you worked for someone else as a foreman or manager? ____

Have you had any business training in school? ____

Have you saved any money? ____

How about the money?

Do you know how much money you will need to get your business started? (Use worksheets 2 and 3 on pages 6 and 12 to figure this out.) ____

Have you counted up how much money of your own you can put into the business? ____

Do you know how much credit you can get from your suppliers—the people you will buy from? ____

Do you know where you can borrow the rest of the money you need to start your business? ____

Have you figured out what net income per year you expect to get from the business? Count your salary and your profit on the money you put into the business. ____

Can you live on less than this so that you can use some of it to help your business grow? ____

Have you talked to a banker about your plans? ____