

From Dream To Business Series I

**“Clock out” from your “9-5” and
“Clock In” to Entrepreneurship with 7 Quick Steps**

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Step One:

How to make the Move from Job to Business

Your dilemma: you want to start a business but you're afraid to quit your job or you think that you can't afford to do so. The question you should really be asking yourself is; *"Do you really want to do this? How much does owning a business mean to you?"*

If you *really* want to start a business, you will learn the general principles of business, follow the rules of the people before you, order your priorities, and you will make it happen! *Plain and simple.*

This e-book is your guide to taking the first step. I will be walking you through a few mental and practical steps to take once you're at the initial stage of business planning. Then I will give you Seven Tips to help you in your process.

When I decided to start this business, this too was my dilemma: *how can I accomplish this and work? And how can I afford to quit my job?* I was in the process of saving up for a wedding and a business, my husband and I (my fiancée at the time) were both aspiring entrepreneurs. We knew that we would both be taking the risk together. So we continuously brainstormed methods to make the transition.

Start by working on your mindset. Business ownership includes thinking in a new way. Entrepreneurship means taking the risk, doing the "impossible" and believing in yourself. This means you think before you act, and you think in terms of advancing the business; not just your personal advancement. Remember this: once you choose to become an entrepreneur, it's *not about you anymore.*

- You want to be in love with your business idea
- Your business idea should involve your gifts and natural abilities
- You want to have a purpose in business
- You will need to have some knowledge within your area of business
- You will need to be confident in your abilities and business idea
- You have to be a self-starter

Do you possess a majority of these characteristics mentioned here? If not, you still have some work and “growing up” to do in order to move to the next step.

When I started brainstorming for business, I realized that it required taking one step at a time, and that it required brainstorming within my personal life as well. Don't try to separate your business life from your personal life; instead try to have them complement each other.

Get your family and significant other involved in what you are trying to do. If you can't even express your dream to the people who see you every day, then you don't believe in your dream yet. It means that you're unsure and hesitant. YOU need to be on board in order to move forward. Expect cynicism and skepticism from some people, but you can't let that stop you. **Keep this in mind: your business cannot move forward to actualization if you haven't moved forward mentally.**

In order to move forward mentally on the road to *strategic thinking*, this is what you will need to do:

- Brainstorm every week; work on your idea like you would for a second job
- For the first year, take a journal or notebook with you wherever you go; write your thoughts as they occur
- Find out how you can make your *particular* business work for your *particular* situation and build everything around that strategy
- Figure out your personal breakeven: meaning how much will you need to bring in from the business each month to pay the bills? Once your business gets to this point, you're most likely ready to transition fully.

Step Two

Plan for Business

Get a Business Plan! Regardless of the type of business you have, everyone needs to plan. Here's the myth: a business plan is for getting funding. Wrong! Honestly, it's not about the business plan at all. Don't get me wrong, it's great to have a professionally written business plan to present; it makes you stand apart and shows that you are serious about business. However, the business planning PROCESS is key.

I usually smirk when people tell me they did a business plan in a couple of days and didn't revisit it. I think to myself, *don't you know that your first year IS your business plan?* It's not just a document; your business plan is a process! You know why? It's because you can plan all you want, but the real test is the client. They help you figure out if you're on the right path. This is when you actually plan for business and your business plan should reflect these changes.

Once you start to work on a business plan, there are things that come up that you've never thought of before and there are unanswered questions that force you to do more research and understand your product or service. ***Know the business you're getting into.***

So let me stress this point: it is not as difficult as you make it seem! Here is how you want to start:

- Take your journal and start planning your business while you're at home reading the newspaper or making breakfast
- Take your journal to the library and record notes about your industry research, record notes as you read a local magazine or newspaper that mentions a new trend within your industry
- Visit successful entrepreneurs in your industry; invite them for coffee and ask them for advice, then record this into your journal
- Start looking at products and services that match yours. Look at their prices, processes, and formats. If you have a product-based business, visit department stores and retailers to observe. Start recording in your journal; what do you want to charge? How will your product or service differ?

Then you must be honest with yourself and delve into your strength and passion first! Don't start a Laundromat just because you heard that it is a great way to make money. *Ask yourself this: have I worked in a Laundromat before? Does a family member own or manage one? Do I have some working knowledge of how to operate a Laundromat? Do I have a partner who knows how to manage or operate a Laundromat?* If you answered yes to one of these questions, then continue with this business idea. If not, STOP!

Start Smart Tip: Acknowledge your weaknesses and start brainstorming ways to overcome them. This is the first major step.

You start your business plan once you start writing your thoughts, scribbling notes about everything you learned that day about your new business idea, recalling who you talked to that may be potential partners, potential clients, etc.

This is where you will be able to get the vital information that you will need to start a formal business plan. *Starting this starts the process.*

On December 3, 2008, I was watching the news and could not help but feel proud of the service my business offers. This was during the discussion of the companies referred to as the "Big Three": GM, Ford and Chrysler. The group was on their second trip back to Congress to ask for money for their failing companies.

The senators then requested business plans from the Big Three (GM, Ford and Chrysler) before addressing any potential funding they would be given to survive the recession. When interviewed, a couple of senators mentioned that they would be looking to see *revised* business plans that addressed short-term goals to make a comeback, and long-term goals to ensure that the "fiasco" did not repeat itself.

No business is too big or too small to plan for business. Although some businesses start small, or "bootstrap," *everyone* needs established goals.

So why limit yourself? Take the example from the Big Three. Put your plan on paper and then take that plan to action! *(I will be going into a more simple explanation of business plan elements in later series of this e-book).*

Business Plan Website Resources:

www.12monthbizplan.com (*In full disclosure, this is my business planning website and I am obviously biased; that's right you heard correctly!*) This website is an online business planning platform that combines do-it-yourself business plan writing with get-help-from-a-professional-plan writer services. You get help in expressing your ideas through thorough questionnaires, and then a professional transforms your answers into a professional format.

www.bplans.com This website offers you tips on business planning and provides business plan software that you can buy to create your business plan.

Step Three: Get Used To Hearing, "NO!"

I must say, I have never heard the word no on such a consistent basis as I have upon becoming an entrepreneur. To be even more truthful, I should add that I have heard the word uttered a few times before, but I usually was not on the receiving end (if you can get my drift).

One of the challenges of being an entrepreneur is that I have become accustomed to the emotional toll that "no" can take on a person. I have heard the word no from prospective clients, prospective centers of influence, institutions, potential investors etc.

"If you want to be a success, you have to get used to frequently hearing the word no and ignoring it," this statement was made by Bill Zanker after his study of some of the most successful people in America and the common struggles that they have faced.

During your startup phase, you need to learn to *deal* with hearing no. Get prepared to hear it a few times. If someone says no, it doesn't mean that it is a personal attack on your business proposition. It could simply be their feeling at that particular point in time. Or maybe they don't understand the value of your business.

So, how do you deal with "no?" I have thought of the people who were once on the receiving end of my "no" and how they somehow managed to hear the opposite. They were the *persistent* ones.

Persistency is one characteristic I learned and appreciated throughout my banking career and it is the same characteristic that helped me achieve the status of, "top-ten-percentile-banker-in-the-entire-company" and "#1 banker-in-the-region" from my previous employer.

I learned to never become threatened by the word "no" and to keep trying until I heard the word "yes." I'm not saying that you become a sales stalker. There are some people who will say no and mean it; they probably will never buy from you. Then there are others who say no at a certain point in time, but may reconsider down the line.

Today, I keep contacts long after they have told me "no" and revisit our last discussion point months after until I hear "yes". I had someone who I consider a network center of influence tell me "no" months before by simply ignoring me and my request and I revisited the issue again twice until finally, I heard "YES!"

These are some of the things you should be doing at this time:

- Meeting with potential clients and/or contractors
- Meeting with potential business partners and/or employees
- Meeting with business advisors and/or mentors

Startup Smart Tip: Get used to it, don't let the word cause emotional distress, be tenacious in your effort to turn your "no" into "yes" and stay focused!!

Step Four: Find your Business "Guts" and "Instincts"

Learn from the story of Amazon. Before starting Amazon.com, Jeff Bezos, Founder, reviewed the top 20 mail order businesses to see which ones could be handled more efficiently over the Internet. He found that no mail order catalogues existed for books, because the catalogue would be too big to mail. He thought that this would be perfect for the Internet, since it would share a worldwide database with a limitless number of people. So he started a business plan for the idea.

Of course, no one believed in the idea and he could not raise money from his employers or investors. Naysayers thought that Barnes and Nobles and other big industry names would dominate the market and the "little guy"(Jeff), would not succeed. He was lucky enough to have friends and family to invest. Jeff had 300 friends help him launch a beta site and within 2 months, he was processing sales of \$20,000 a week!

Later when he tried to turn Amazon into a "buy anything site" people were skeptical. They said the idea would never work. However, he followed his business instincts and expanded, while really emphasizing his core values. Today, Amazon transforms the way we read and buy books and other items.

It's *really* important to have the right "business instincts" and "guts" to proceed forward with an idea that just feels right.

Startup Smart Tip: Business instinct is a mixture of background research, product or service itch, personal confidence, and downright stubbornness. Business guts is being able to conquer the fear that stems from the uncertainty of your idea and the pessimism of everyone around you.

Jeff Bezos is a prime example of how entrepreneurs are special people with stubborn mentalities that although dangerous, sometimes works for the best.

One of my favorite quotes is by Hunt Green, venture capitalist, "everything is always impossible before it works. That is what entrepreneurs are all about—doing what people told them is impossible."

When I started my business, I would get strange looks from people whenever I said what I did; and I still get these looks. No one expects that someone of my generation will tell them that she's doing something they've only dreamt of doing but never did, plus no one expects to see me in the business startup consulting field. This is not traditional. Not only am I now a part of a traditionally, older male dominated industry, but I also have to compete with industry giants (both profit and non-profit).

However, my instincts and passion for my business idea propelled me forward. I was determined to defy the odds and offer a service that was not being offered: my company packages its start-up planning services in a way that has not been done before.

Follow these key principles of entrepreneurship to establish your business instincts:

Base your product or service around a need that people will pay money to get. I knew that I did not want to start a business to tell people *how* to run a business or to inform them that I had ten plus years of experience and talk *at* them instead of *with* them. From years of working around small business owners, I knew that once people were starting a business, they yearned for help. ; The kind of help that involved someone else helping with business planning paperwork and business structuring services. Although business advisors were rampant, they were not helping with individualized services and startups were still left to struggle on their own.

So, I founded my company to *show* startups how their industry leaders found success and *help* them model those successful practices. Then, instead of advising them and leaving them alone to face it all (like most in my industry do) my company would stay with them while they implemented the process during the first year of their start-up. This way, it allows them to slowly transition from their full-time jobs. In addition, we would be taking care of the business startup paperwork and research that new entrepreneurs fear.

Find out how people will buy your product or service. You can't stop with seeing a need. You also must research *how* your target customers buy. For instance, if you are offering lawn care services to a wealthy neighborhood that often needs a one-stop-shop, you will not want to have a business that only offers lawn mowing. If these potential clients also seek some form of landscaping, fertilization, etc, you will want to get the certifications you need, add the services they will want and the people who can help you. Otherwise, you may not get a sale.

Likewise, if your target client base is lawyers and accountants, you will want to have detailed contracts and a great sales portfolio that explains your services efficiently. Since lawyers and accountants are an analytical bunch, less details equals less sales for you.

I had to establish what kind of details clients looked for from me and I made sure to provide it. I learned their preferred payment methods and learned to provide some form of package pricing and pay-as-you-go method of payments. I also learned price points and dollar amounts that were out of reach for my target audience.

Learn about your target client and make sure your services cater to them. I hear about people who say that they cater to startups but don't have the pricing to support the statement. Startups are budget oriented (rightfully so). Therefore, a product or service catering to this group must take budget into consideration and also include a lot of value-added services.

My target base consists of employees wanting to become employers someday. Not just entrepreneurs, but employers. My target client seeks convenience, simplicity and affordability. Majority of my clients have families to take care of, ten or more years of experience and need someone to handle the tedious business planning aspects with them.

So if you're starting a spa, keep in mind that your target client is most likely a high-income, high maintenance individual who expects a certain level of service and ambiance. Make sure to offer just that or don't call yourself a spa. You can learn this information with proper research and surveying.

Learning this information will give you the guts and instincts you need to move forward. And when someone says something to counter your business ownership idea, instead of retreating to your invisible corner, you will be able to have an open dialogue about it. You will be able to point out their concerns and state how you plan to overcome that potential problem.

Step Five: Don't Let Financial Woes Hinder Your Startup

I had to give a “pep talk” once to one of my clients regarding startup financial struggles. This client was about to “throw in the towel” even before a business launch. She was discouraged because of a potential contract with a governmental agency that fell through at the last minute. Her situation is one of many I encounter while dealing with start-ups.

Financial intelligence for a start-up business is crucial to business success. Our conversation reminded me of one of my favorite passages from the book *Rich Dad, Poor Dad*: “*Financial Intelligence is simply having more options. If the opportunities aren't coming your way, what else can you do to improve your financial position? If an opportunity lands in your lap, and you have no money, and the bank won't talk to you, what else can you do to get the opportunity to work in your favor? If your hunch is wrong, and what you've been counting on doesn't happen, how can you turn a lemon into millions? That is financial intelligence.*”

Startup Smart Tip: *Plan to lose the funding battle. This sounds crazy but is true. This is the beauty of a business plan. Plan a few options to fund your business. Don't settle on one form of financing or have your startup idea depend on someone else's money. You may never open for business that way.*

The question you should ask yourself is; what is your plan A, B, & C? If you can't get a \$50,000 loan, what other options do you have? There's always the option to start smaller in order to finish bigger. Don't let lack of money stop you; unless it means living on the street. Obviously you need enough money to pay the bills for a while until you get business sales. However, if you can't get that brand new piece of real estate, settle for renting until you can.

Learn how to think on your feet. If your business depends on contract dollars and you can't get a contract, guess what? Hit the pavement running to get some sales on your own. Remember, build your business financial intelligence—if one thing doesn't work, try other avenues. Keep trying!

Case Study: The Spanx Startup Story Example

Ladies, you're aware of how difficult it is to get the right pair of underwear for a pair of cream or white pants. Well, this is the problem that Sara Blakley, Founder of Spanx underwear had. This made her recognize the need for her business--Spanx. At 27 years old, Sara founded her company Spanx, a company that provides footless body shaping pantyhose for women, that creates slim shaping and invisible lines.

Although Spanx is now a 300 million dollar company, even Sara had some difficulty when starting. She had the idea of the product she wanted, but her first step was to get a patent for the idea. So, she had to convince manufacturers to help her produce a product for patent. After calling several manufacturing companies, she finally got an interview with one who ended up agreeing only after being convinced by his young daughter.

After this step, she then had to make lots of calls to find retailers willing to sell her product. Neiman Marcus was the first retailer to agree to carry Spanx; but only after Sara gave a personal demonstration in a bathroom stall!

It took Sara two years of planning and behind-the-scenes work to get her product in a major retailer. It also took her two years to get a mills manufacturer to produce her products!

Now, she has an office for Spanx with over 75 employees, boosts millions in sales and has a recognized brand. And she has celebrities as clients.

So *you* think *your* startup project looks painful and fruitless right now? Think again!! You will have just as many bad days as you will good days.

The key is to:

- **Be patient:** you will not be an overnight hit, plan your business while you work or pursue educational interests. While you're in the startup phase, you're really still planning. You're putting your business plan to action, discovering some kinks with your service and learning more about your market.
- **Be open to change:** you will have to analyze the changes in your business and market and adjust your products or services accordingly.

- **Take it step by step:** find out what is needed to get your first product staged or get your first client or contract. For most businesses you will want to focus on your niche product—the thing that makes you stand out from other companies. Then start there and everything else will follow.

Like Sara did with Spanx, ease into the market place.

Step Six: Keep your Momentum & Make People Believe in you!

Even Real Estate Mogul, Donald Trump, says this about momentum, "...First you go and beat your head against a wall looking for deals...with no luck. You keep on doing it and at the same time you go out and line up a team of professionals to call on once you get the job...At first nobody knows you. They do not believe you because you have never done anything before. They can't tell if you are the real deal or just another fly-by-night operation that will fold up and move on when things get too tough. At first, nothing is happening. With each passing day and each contact you make, you are silently building momentum. You are showing people that you are not going away and still nothing happens. So you keep that up. Then one day, something breaks for you; you land an account or sign a deal...all of a sudden your credibility rises..they start to believe you...after a while you have so much momentum...two or three clients come your way all at once...you tell everybody about this, and your value goes up tremendously...everybody sees that you have momentum and they want to be a part."

- Do one thing a day to enhance your business
- Continue to be proactive to meet with your community or business peers
- Be visible within your industry and community despite your ups and downs
- Don't wait for an opportunity to come your way; plan and be prepared when it shows up

Start Smart Tip: Quit telling people what you can do; instead, show them!

Step 7: Follow Your Dreams & Know where you want them to take you

Years ago I was given a book to read. In this book was a chart. On this chart, a simple saying that read; "*There are those who travel and there are those who are going somewhere. They're different, yet the same. Successful people have this over their rivals--they know where they're going.*" I tore out this chart from the book and I carried it from office to office when I worked in corporate.

In June 2008, I framed it and hung it on the wall of my very own office—the office where I have employees and will build the legacy for my very own business. I've always loved this phrase because planning, thinking and risk taking are some of my best qualities. When I worked for a company, I always knew where I wanted to end up.

I've always known that I wanted to be able to help make a difference in people's lives. I've always wanted to build relationships with people through personalized interactions. So it is probably no surprise that my business centers on these two passions: meeting people and planning. Today I am a business planner who develops new relationships with different people on a weekly basis.

When it comes to starting a business, there is never the "right time." The planning is what helps you come to that decision. Don't skip this step.

Start Smart Tip: Know where you want to go because this is how you will know when to go. The most hesitant aspiring entrepreneurs are the unsure ones that jump to any opportunity that comes knocking.

Take Jeffrey Henderson for example. He knew where he wanted to go. He is now a leading executive chef, has authored a bestselling book, and has sold his rights to a film to Will Smith's production company. Before that, he served ten years in prison for selling drugs. While serving on kitchen duty, he learned that he had a passion for cooking.

In prison he decided that he wanted to become a chef. So upon leaving prison, he decided to pursue his dream and applied for a dishwasher job. He then worked his way up from dishwasher in an upscale restaurant, to line cook. He later landed the position of Executive Chef at Las Vegas' exclusive Cafe Bellagio.

An Executive Chef takes on the dual responsibility of making sure the meals are prepared tastefully *plus* overseeing an entire staff. Usually, they're responsible to come up with an initial menu; which for a restaurant becomes the deciding factor for customers.

All of this was achieved by an ex-felon—a guy who had dreams and followed them. You can read more about his story in his book, *My Journey from the Streets to the Stove*.

How do *you* follow your dreams?

- **Step 1:** Be confident in your abilities. If you have a desire to start a business, chances are you are better at something than the average person. If so, stand your ground and don't waiver because someone else thinks you're unqualified. Stay true to your talents.
- **Step 2:** Learn about your craft: Education is the key to your business success and it comes in different forms. Read a lot of books on your subject. Talk to people in your industry. Learn from your industry leaders. Attend seminars and events. Take advantage of the internet.
- **Step 3:** Stay true to your business idea. If you've started your business to fulfill a need or alleviate a pain, *you've* probably experienced that pain yourself. If so, why get distracted by "quick schemes?" Remember why you started and stay true to your vision. Eventually, others will follow.

Additional Business Resources

Find out if your business needs a sales license. Depending on your business, products and the services you provide, your business may also need a business license (sometimes referred to as vendor's license) in addition to your state registration/incorporation.

This license process is usually overseen by the state agency that collects taxes, and sometimes issued by county auditors. For Ohio business owners, this will be the Ohio Department of Taxation and the County Auditor from the county you do business in.

You may need an Ohio sales license if your business falls into one of these categories:

1. **Vendor:** If you have a fixed place of business in Ohio and you charge sales. Check with your county auditor for license issuance.
2. **Service Vendor:** If you provide automatic data processing, computer services, telecommunications services, lawn care services, private investigation, security services, building maintenance and janitorial, employment placing, extermination, broadcasting and snow removal services. The license will be issued by the Ohio Department of Taxation.
3. **Transient Vendor:** If you transport stock of goods to temporary places of business in order to make sales. You would want to check with the Ohio Department of Taxation.
4. **Delivery Vendor:** If you do not have a showroom, or concrete location where merchandise is offered for sale; or when merchandise is displayed in catalogs, or can be picked up by customers. This license is issued by the Ohio Department of Taxation.
5. **Seller:** If you are a retailer outside of Ohio who makes retail sales of property or service for storage, use or consumption in Ohio.
6. **Direct Pay Permit Holder:** Manufacturers or other consumers who purchase tangible personal property for which the tangible status cannot be determined at the time of purchase.

Does your Business Need a Business Identification Number? In most cases, Yes! The employer identification number is seen as the social security number for a business and it not only helps identify your business, but it also encourages you to keep your personal finances separate from that of your business. Here are some benefits to having one:

- You can identify your business on important government, banking, or official documents instead of using your social security number
- You can open a bank account or establish a bank loan or credit card using this number
- It is safer route because you avoid giving your social security number to everyone
- You establish credibility
- Wholesale distributors usually require your employer identification number

For example, I signed up a client who does business in the retail clothing industry. She was working with wholesalers that required an EIN number even *before* she could sign up for a wholesale account with them.

There are also some entrepreneurs who work on an independent contractor basis and need to receive 1099 forms from employers. They will need your Employer Identification number as well.

Here are a few examples of when you are *required* to have an EIN number:

- When you have employees
- If you are a non-profit organization
- If you are a C-Corp or partnership
- If you file tobacco, firearms, or alcohol taxes

You can file for an employer identification number via the IRS SS-4 form in person, on the phone, or online for no charge. If you work with an accountant, business consultant, or payroll provider have them complete this process for you. For more information, you can visit the IRS website at <http://www.irs.gov/>

Business Plan Basics

Business Plan Projections

Wondering what this “projection thing” is all about? Well, it’s simple. It’s the answer for what you plan to sell, how much you plan to charge, what it will cost you to create your product or service and how much money you will need to do it.

Your calculation may start like this:

- You sell 3 sweaters, 2 pairs of sneakers and 10 t-shirts per week
 - $\$15.00 \times 3 = \45.00
 - $\$40.00 \times 2 = \80.00
 - $\$5.00 \times 10 = \50.00
 - Total = $\$175.00$ per week $\times 4 = \$700.00$ per month
- Since you are a middleman, you usually purchase items directly from different wholesalers, and they charge you
 - \$5.00 per sweater
 - $\$5.00 \times 3 = \15.00
 - \$20.00 per sneaker
 - $\$20.00 \times 2 = \40.00
 - \$2.00 per t-shirt
 - $\$2.00 \times 10 = \20.00
 - Costs per week = $\$75.00 \times 4 = \300.00 per month

So then, you may start thinking that you have a \$100.00 profit per week and \$400.00 profit per month right? Wrong!

Operating expenses. You will also need to include your ongoing expenses. For example, if you have to get a UPS account you would want to include your costs per month. Do you operate a business phone line? You will want to include these costs into your monthly expenses. You want to factor in sales taxes and other costs. Also, if you’re using a merchant account or PayPal for credit card processing, you want to take into consideration how much these companies charge per sale; factor these costs into your other costs as well.

Loan Payments. After you have projected how much you want to receive in loans, investments or credit cards, you will also have to project your monthly loan payments into your plan. Why? A good lender wants to know how your cash flow looks *after* he lends you some money also. To get a projected loan payment (based on dollar amount + anticipated rate) you can call your bank or use Microsoft Excel's projection tools.

Break-Even Analysis. After analyzing your sales vs. expenses, see how many products you will have to sell to achieve the number you need to cover your costs each month. This is your breakeven number. This number will show you how much revenue you need to have in order to cover costs. You will want to watch this number weekly or monthly.

This is where it gets tricky and exactly why you need to do proper business planning. And don't forget, your projections will have to be as realistic as possible. You can't just throw numbers together. You have to do some research and talk to some people.

Remember:

It's not about the Business Plan; it's about the Business Planning Process

The format for a business plan may change. The method for producing one may change. The fact that you need to plan for business will never change as long as entrepreneurship exists. And the actual business plan is *just* the product of your brainstorming.

So although some people may use business plans simply to get some funding or to say they have a plan, here's why I've been able to operate a business that survives on producing business plans: *I believe in the process itself.*

A good business plan process will reveal seven truths:

1. **It will put your business idea to the test.** If you think you have thought things through without going through a planning process, you're in for a rude awakening. A business plan forces you to think about things you've never considered. I call it the "mean aunt." You know that mean aunt in your family who always said what everyone else was thinking but was afraid to say? That aunt becomes your business plan.
2. **It will morph a good idea into a "SWEET" business structure.** Ever wonder why so many people have businesses that still look like hobbies after 5 or 10 years? That's because they lack a structure. A business plan helps you build a model that works and it gives your business a steady foundation.
3. **It will "Show you the Money."** How much do you *really* need? Where will you get it from? If you can't raise the money you need, what can you cut back to survive or can you even start without your needed funding? What will you need in order to open your doors to the public? It gets so annoying when people throw out these thoughtless figures, like...fifty thousand!...why do you need fifty thousand?...well...twenty to cover this...ten to cover that...Blah Blah. After you've seen so many plans, you can tell when someone's pulling your leg. And people wonder why their banker or investor won't give them money. The process, not the plan! Anyone can get a plan from the internet. Go through the process!
4. **It will "Keep it real" with you.** Like I always tell my client, "the numbers just don't lie." What are you really going against here? Your planning process will help you uncover the naked truth. Scope out the competition, analyze your market, and know what you are getting into before you take the leap. And the

great part is that if the truth is too much to handle, you can clothe your truth by customizing the process to fit your scope, your reality. Example? A client once worked with me to start three locations in three different states. After going through the process, his budget and obligations revealed his "truth:" to start with one location in his locale.

5. **It will help you find money.** This point is overrated but true. No banker wants to hear you talk without seeing some proof of your hard work and great idea. No investor will take you seriously if you don't look serious on paper. You have to be able to convey your thoughts and this means you need a well-thought-out plan. Period.
6. **It will help you measure progress.** Did you achieve a goal? If not, why? Were your costs too high? Prices too low? Sales quantity not up to par? Great revenues but still no profits? Did you try so hard and still can't seem to breakeven? Your planning process will prompt you to go back to the drawing board and measure your success.
7. **It will help you to brace yourself for the unexpected.** You know that annoying noise your GPS makes when you somehow manage to go off route? It keeps saying, "Reroute...reroute..." over and over? Well... your business plan is your business GPS in this case. Paying attention to it will help you find a new route when things are not working. Wondering if you will run out of money? Pay attention to your plan, it will tell you. Don't be discouraged though, because that same plan can help you figure out what it will take to avoid that.

I'm not saying that planning is perfect and will get you out of *every* hole. However, we all know that having *A* plan is better than *No* plan at all.

Business Formation Resources

Characteristics	Sole Proprietorship	<u>C</u> Corporation	<u>S</u> Corporation	<u>Limited Liability Company</u>
Formation	No state filing required.	State filing required.	State filing required.	State filing required.
Duration of Existence	Dissolved if entity ceases doing business or upon death of the sole proprietor.	Perpetual	Perpetual	State will create requirements
Liability	Sole proprietor has unlimited liability.	Shareholders are typically not responsible for the debts of the corporation.	Shareholders are typically not personally liable for the debts of the corporation.	Members are not typically liable for the debts of the LLC.
Operational Requirements	Relatively few legal requirements.	Board of directors, annual meetings and annual reporting required.	Board of directors, annual meetings and annual reporting required.	Some formal requirements but less formal than corporations.
Management	Sole proprietor has full control of management and operations.	Managed by the directors, who are elected by the shareholders.	Managed by the directors, who are elected by the shareholders.	Members have an operating agreement that outlines management.
Taxation	Not a taxable entity. Sole proprietor pays all taxes.	Taxed at the entity level. If dividends are distributed to shareholders, dividends are also taxed at the individual level.	No tax at the entity level. Income/loss is passed through to the shareholders.	If properly structured there is no tax at the entity level. Income/loss is passed through to members.
Pass Through Income/Loss	Yes	No	Yes	Yes
Double Taxation	No	Yes, if income is distributed to shareholders in the form of dividends.	No	No
Cost of Creation	None	State filing fee required.	State filing fee required.	State filing fee required.
Raising Capital	Often difficult unless individual contributes funds.	Shares of stock are sold to raise capital.	Shares of stock are sold to raise capital.	Possible to sell interests, though subject to operating agreement restrictions.
Transferability of Interest	No	Shares of stock are easily transferred.	Yes, but must observe IRS regulations on who can own stock.	Possibly, depending on restrictions outlined in the operating agreement.

Business Registration Resources

1. Arizona www.azsos.gov/business_services
2. Alaska www.dced.state.ak.us/occ
3. Alabama www.sos.state.al.us
4. Arkansas www.sos.arkansas.gov/corp_ucc_business.html
5. California www.sos.ca.gov
6. Colorado www.sos.state.co.us
7. Connecticut www.ct.gov/sots/site/default.asp#
8. Delaware www.delaware.gov/egov/portal.nsf/portal/Business
9. Florida <http://oss.dos.state.fl.us>
10. Georgia <http://sos.georgia.gov>
11. Hawaii www.ehawaii.gov/dakine/index.html
12. Idaho www.idsos.state.id.us
13. Illinois www.cyberdriveillinois.com
14. Indiana <http://www.in.gov/sos>
15. Iowa www.sos.state.ia.us
16. Kansas www.kssos.org
17. Kentucky www.sos.ky.gov
18. Louisiana www.sos.louisiana.gov
19. Maine www.maine.gov/sos
20. Maryland www.sos.state.md.us
21. Massachusetts www.sec.state.ma.us/index.htm
22. Michigan www.michigan.gov/sos
23. Minnesota www.sos.state.mn.us/home/index.asp
24. Mississippi www.sos.state.ms.us
25. Missouri www.sos.mo.gov
26. Montana <http://sos.mt.gov>
27. Nebraska www.sos.state.ne.us/dyindex.html
28. Nevada <http://sos.state.nv.us>
29. New Hampshire www.sos.nh.gov
30. New Jersey <http://www.state.nj.us/state/>
31. New Mexico <http://www.sos.state.nm.us/>
32. New York <http://www.dos.state.ny.us/>
33. North Carolina <http://www.sosnc.com/>
34. North Dakota <http://www.nd.gov/sos/>
35. Ohio <http://www.sos.state.oh.us/>
36. Oklahoma <http://www.sos.state.ok.us/>
37. Oregon <http://www.sos.state.or.us/>
38. Pennsylvania <http://www.dos.state.pa.us/dos/site/default.asp>

39. Rhode Island <http://www.state.ri.us/>
40. S. Carolina <http://www.scsos.com/>
41. S. Dakota <http://www.sdsos.gov/>
42. Tennessee <http://state.tn.us/sos/>
43. Texas <http://www.sos.state.tx.us/>
44. Utah <http://commerce.utah.gov/>
45. Vermont <http://www.sec.state.vt.us/>
46. Virginia <http://www.commonwealth.virginia.gov/>
47. Washington <http://www.secstate.wa.gov/>
48. Washington DC <http://os.dc.gov/os/site/default.asp>
49. West Virginia <http://www.wvsos.com/>
50. Wisconsin <http://www.sos.state.wi.us/>
51. Wyoming http://soswy.state.wy.us/index_1.htm

Thanks for your attention! I hope you enjoyed reading my e-book. Stay tuned for *From Dream to Business II* with even better content.

For more help in getting started on your very own business, you can visit my website at www.IsaacBusinessServices.com or if you are considering business ownership and want to join a community of like-minded individuals, join us at www.adifferentbusiness.com

If you have already started putting your idea to paper and you're comfortable with your craft, you may want to check out my virtual business planning website at www.12monthbizplan.com

Here are a couple of books I recommend reading: 1) *The 9 Super Simple Steps to Entrepreneurial Success* and 2) *The Knack; How Street Smart Entrepreneurs learn to handle whatever comes up.*

Please feel to leave comments or questions via the website. I would love to hear from you and I wish you well in your startup process.

Respectfully,

Cheryl Isaac

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