

Business Start-up Guide



First Steps to Starting a Business 1

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Business Start-up Guide

With few exceptions, every business begins as a small business. Some stay small, others grow as the years pass. Profitability and future growth of a business are based on the ability to understand business operations and make good decisions.

It's important to get off to a good start and that's why we've developed this Start-up Guide. It is designed to walk you through the key steps in starting a business and provide you with the essential information that you will need. While almost all start-up businesses will eventually need to consider each of these categories, you may choose to go through each step in a different order than they are listed.

 Completion of this guide will -give-you-a great •start on• your-business.

The Utah SBDC delivers a 10-week FastTrack course for Business Start-ups throughout the state. Check our training calendar on our website (www.utahsbdc.org) contact the SBDC office nearest you (see contact information on the fast page) for the schedule of the next class.

**First Steps to Starting a Small Business**

Step 1: Do you have what it takes?

Do you know what going into business means for your income, lifestyle, family, and time? Complete this section to find out.

Step 2: What business should you choose?

You may think you already know what business is right for you or you may just want to be your own boss. Take the time to make a list and evaluate the possibilities.

Step 3: Is your idea feasible?

You have a great idea but do others feel the same way? Does someone want your product or service? Do you know how many people will buy? Check it out before quitting your day job.

Step. 4: How will you finance the business?

You have the skills, a great idea, and a market, but what about the money? The number one reason that small businesses fail is that they did not have enough working capital to survive the first two years of operation.

Step 5: Get help from your local Utah SBDC consultant.

There is still a lot more to do, but now it's time to make an appointment with a Utah SBDC counselor. You will receive no-cost, confidential counseling from business experts to help point you in the right direction. They will help you through the complex maze of getting your business up and running. Contact information is on the last page of this booklet or visit our website at

www.utahsbdc.orq

|  |
| --- |
| step 1 |

**Do You Have What It Takes?**

 There are a number of different reasons for starting a business. Some individuals are interested in 'trying something new," Others work to solve a problem or meet an expressed need, want independence, or are trying to increase their income. Whatever your reasons for going into business, you must do so with your eyes open. If you are like most people, it's likely you haven't thought as much about the downside of going into business as you have about the bright side, A great deal of thought and research should go into making a decision that will affect you and your family for a long time to come.

**Risks:**

* **Failure**. Entrepreneurs must-assume the emotional and financial risks of failure. In fact, the failure rate for new start-up businesses is high.
* **Time.** A major drawback to starting a small business is the tremendous amount of time it takes to make the business successful. Most report 60-70 hours per week as normal, small business owners spend an average of 12 hours a day, 6 days a week on business activities.
* **Family.** Because of the strain of operating a business, families can suffer. Many entrepreneurs find that the lack of time for family, community, and personal activities is the highest price they pay for business ownership.
* **Money.** Most start-up businesses have their own money at risk. It is normal for small businesses not to earn a profit in the first two years. If you need financing, you will be expected to provide 20% or more of the total funds. The number one reason that small businesses fail is that they did not have enough working capital to survive the first two years of operation,

**Rewards**

Naturally, there must also be some rewards or no one would ever start a small business. These are different for each person but some of the common positive aspects are:

* **Independence**. For many, the freedom to act independently is chief in their decision to "be their own boss."
* **Money.** The financial returns from your own efforts are not limited to normal work for normal pay. You have the chance to make a lot more money than you can make working for someone.
* **Fun.** Many entrepreneurs describe what they do as fun - that is, they really •enjoy what they do!

There are three key areas that you should evaluate before jumping into a business endeavor headfirst: 1) your general understanding, 2) your personal characteristics and 3) your skills, experience and training. We have provided an assessment tool for you to use to determine how ready you are for starting a business. Your results from the checklist will let you know if you are prepared to start a business and areas where you may need to develop some additional skills and training. After you have completed the checklist, move to Step 2.

## Small Business Readiness Assessment Tool

**Are you ready to start a business?** This assessment tool is designed to help you better understand your readiness for starting a small business. It will prompt you with questions and assist you in evaluating skills, characteristics and experience — as they relate to your preparedness for starting a business. This assessment is taken from the SBA's website at http://app1.sba.qov(sbat/index.cfm?Tool=2

 When accessed online; your •responses will be scored -automatically and-an assessment-profile provided, when you click the submit button. You will also receive, based on your score, a statement of Suggested Next Steps, directing you to the most appropriate SBA resources to help improve your business preparedness.

|  |  |  |
| --- | --- | --- |
| **General** | **Yes** | **No** |
| Do you think you are ready to start a business? |  |  |
| Have you ever worked in a business similar to what you are planning to start? |  |  |
| Would people that know you say you are well suited to be self-employed? |  |  |
| Do you have support for your business from family and friends? |  |  |
| Have you ever taken a course or seminar designed to teach you how to start and manage a small business? |  |  |
| Have you discussed your business idea, business plan or proposed business with a business coach or counselor, such as a faculty advisor, SCORE counselor, Small Business Development Center counselor or other economic development advisor? |  |  |
| Do you have a family member or relative who owns a business? |  |  |
| **Personal Characteristics** |  |  |
| Do you consider yourself a leader and self-starter? |  |  |
| Would other people consider you a leader? |  |  |
| Are you willing to invest a significant portion of your savings or net worth to get your business started? |  |  |
| Do you have enough confidence in yourself and your abilities to sustain yourself in business, if or when things get tough? |  |  |
| Do you like to make your own decisions? |  |  |
| Are you prepared, if needed, to temporarily lower your standard of living until your business is firmly established? |  |  |
| Do others turn to you for help in making decisions? |  |  |
| Are you willing to commit long hours to make your business work? |  |  |
| Would others consider you a team-player? |  |  |
| **Skills, Experience & Training** |  |  |
| Do you have a business plan for the business you are planning to start? |  |  |
| Do you know and understand the components of a business plan? |  |  |
| Do you know what form of legal ownership (sole proprietor, partnership or corporation) is best for your business? |  |  |
| Do you know why some consider business planning to be the most important factor for determining business success? |  |  |
| Do you know if your business will require a special license or permit and how to obtain it? |  |  |
| Do you know where to find demographic data and information about your customers? |  |  |
| Do you know how to compute the financial "break-even point" for your business? |  |  |
| Do you know how to compute the start-up costs for your business? |  |  |
| Do you know about the various loan programs that are available from banks in your area and the SBA? |  |  |
| Do you understand how a business loan can impact your credit? |  |  |
| Do you know how to prepare and/or interpret a balance sheet, income statement and cash flow statement? |  |  |
| Are you sure, your planned business fills a specific market need? |  |  |
| Do you know your target market? |  |  |
| Do you understand the tax requirements associated with your business? |  |  |
| Do you know how to prepare a marketing strategy for your business? |  |  |
| Do you know how to learn about your business competitors? |  |  |
| Do you understand marketing trends in your business industry? |  |  |
| Do you feel comfortable using a computer or other technology to improve business operations? |  |  |
| Do you have a payroll process planned for your business? |  |  |
| Do you have a customer service strategy in mind or in place? |  |  |
| Do you know how to obtain an EIN (Employer Identification Number) for your business? |  |  |
| Do you know if your business should have some form of intellectual property protection? |  |  |
| Do you know where to obtain information about regulations and compliance requirements that impact your business? |  |  |

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| step 2 |

 **What Business Should You Choose?**

Now that you have decided that you have the right skills to start a business, you will need to determine what business you want to start; you may already have a very good idea and feel like you can skip this step. DONT. It always helps to test and refine your idea.

### **Make a List and Check it Twice**

Make a list of the businesses you could consider, eliminating only those that are obviously not for you. Rule out ones that require talents and skills you received low scores on in Step 1 and ones in which you have no interest.

Then, gather information and evaluate your idea against other possibilities. You might try one or more of the following sources for information.

* Telephone yellow pages can indicate what is and is not available in your area.
* Public libraries have a number of business directories including the Thomas Register.
* Searching the Internet can help you find and refine your idea.
* Entrepreneurial magazines often have articles about new business ideas that have potential.
* Ask friends, coworkers, neighbors, and relatives if they have product or service needs that are not currently being met.

After collecting this additional information and reconsidering your list, narrow the possibilities.

### **Get Advice**

One of the common errors in choosing a business is not asking for help. This is an important way to gather information to complete the selection process:

* **Talk with people in the same or a similar business.** Businesses located outside of the area you are considering locating your business will usually be flattered and willing to share their experience and advice. The local chamber of commerce or other business association meetings may provide access to business owners that you can talk to.
* **Work for someone else for a while.** A time-honored way of learning a business is to work in a similar business as an employee, Not only will you be getting on-the-job training, but you’ll be getting a paycheck, and will be avoiding overhead expenses. When scouting out potential "employer-trainers," it is best to look for one that is successful and well run.
* **Ask for professional advice.** There are four professionals you should get to know early in your business planning: an attorney, accountant, marketing consultant, and banker. Share your plans with them. They may point out factors you had not yet considered.
* **Share your thoughts with your family, friends, and associates.** They may come up with considerations that may discourage you from one idea, or they may offer real encouragement for pursuing another idea. Having the support and involvement of those close to you can be an added benefit.

**Common Entry Strategies**

Now that you know what business you want to start, you will need to choose how to start it. Some common entry strategies are:

**Start a new business:** This option permits you the most freedom and the satisfaction of knowing you did it all yourself. Some opportunities, which might prompt this choice, are a new invention, a spin-off of an existing product or service, turning a hobby into a business, awareness of a customer ready to buy your product, unfulfilled market need, expansion of a part-time activity or simply chance.

**Buy an existing business:** By buying an existing business you can avoid lead time required to launch the business, understand expected income and expenses, acquire an existing customer base, and take hold of an established image. Most successful acquisitions are accomplished by knowledgeable, adequately financed business people. When acquiring a company, it is important to understand the numerous tax and financial maneuverings available for acquiring and financially restructuring an existing company.

 **Purchase a franchise business:** This option allows you to "purchase" a known trademark for delivery of products or services under an established system. You will usually pay a franchise fee, ongoing royalties, and the costs of getting into the franchise. While it can be comforting to have ongoing support services, collective buying and advertising power, and market research, not every franchise is a guarantee of success. Many small, less expensive franchises are underfunded, lack a good training program, and fail to provide the necessary support. Many of the large, well-known franchises are too costly for many beginning entrepreneurs. This can be an attractive starting point but be sure to check out the franchise thoroughly.

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| step 3 |

 **Is Your Idea Feasible?**

At this point, you have examined your personal motivation for business ownership and chosen an interesting possibility. Most likely, you are anxious to run to the bank, get a loan, and open your business. STOP! Before you pump your life savings into a small business, you want to know if it has a chance to succeed.

A common mistake made by many people is to blindly begin a business without evaluating whether it is feasible. A feasibility evaluation will allow you to make a more informed "go” or "no go” decision. A sampling of topics that should be honestly appraised includes:

* Is there really a demand for your product or service?
* Have you researched market demand, or have you just assumed that people need or want your product or service?
* Does your product or service satisfy an unfulfilled need?
* Will your product or service serve an existing market in which demand exceeds supply?
* Will your product or service be competitive based on its quality, selection, price or location?
* Do you know who your customers will be?
* Will your business be conveniently located for the people you plan to serve?
* Will there be adequate parking facilities for your customers?
* Do you understand how your business compares with your competitors?

### **Study the Market**

Ultimately, your idea must fulfill a need for your buyers and must do so in a way that’ssomehow superior to the competition, however you define it. If you want to be sure that your idea will do these two crucial things, you need to know as much as you can about the following:

* **Personal knowledge.** Understanding the industry is vital to assessing the market for a product or service. Personal knowledge of the industry develops from having contacts in the business, personal experience and a general feel for the business.
* **Competition.** Who are your competitors? What are your competitors' strengths and weaknesses? What are your competitors planning to do next? What are your competitors' spending trends? A survey of the competition may be needed to determine if there is a niche or room in the market for another business, this can be done by observing competitors' businesses. How busy are they? What problems do the businesses seem to have? What type of customers do they have? Observation helps to determine the size of the market and problems businesses have in serving that market.
* **Customers.** Do you know who your customers are? Do you understand why they buy your products or services? Another useful tool in planning a business is interviewing owners of similar businesses outside your planned market area. If your business will draw customers from a 25-mile radius, similar businesses in towns 60 miles away generally will not be competing for your customers. Business owners may be quite willing to discuss their businesses and to share advice. Often, they have insight and experience that can be invaluable to a new business owner. Also, after developing a profile of a typical customer, talking with a few people fitting that description will help identify needs of customers.
* **Secondary research.** Finding information that is already published, through searching the library or Internet, is necessary to quantify the market and to verify your findings from the above three steps. How big is your market? Is it large enough to sustain your business and competition? What is the growth trend for the next five years? Once a market has been identified, what is the size of the actual market that you can compete in? The actual market segment that you can sell to may be a small fraction of the total market.

### **Research Tools**

The following tools are designed to help with research at the library or on the Internet. This research should not be neglected, nor should it be the sole source of information used in developing a business or marketing plan.

Local and university libraries contain publications, which can provide much of the information entrepreneurs need. Materials that are not in your local library may be obtained through interlibrary loans. Check with the reference librarians. Most libraries also have internet connections and the reference librarians can help you with on-line research.

Use the following list as your guide to doing secondary research on a specific business or industry.

* Identify the appropriate Standard Industrial Classification (SIC) code for your business.
Four-digit numbers are assigned by the U. S. Government to specific lines of business. Since most government and industrial statistics are gathered and reported by SIC code, identification of the correct code for your business will enable you to locate important data. An SIC code manual is available at most libraries.
* Check for the current periodical feature on the subject.
* Check the *Small Business Sourcebook* or the *Encyclopedia of Business Information* *Sources* to identify major books, trade journals, and organizations for specific business categories.
* Write or call the appropriate industry trade associations that are listed in the *Encyclopedia of Associations*.
* Write or call for a media kit from trade journals.
* Write or call franchisors for information-on their franchised businesses. 
* Obtain the financial ratios for the business category, Trade association financial studies, if available, and usually provide the most detailed information. Three other popular sources include Robert Morris Associates ***Annual Statement Studies***, Dun & *Bradstreet's* ***Business and Financial Ratio***, and Financial Research Associate's ***Financial Studies of the Small Business***.
* Examine census material such as income, age, and family size of populations in areas as small as zip codes in the *Census of Population and Housing, Census of Retail Trade, Census of Service Industries Census of Wholesale Trade, and Census of Manufacturers*. The Department of the Census website is: [www.census.gov](http://www.census.gov)
* Search the Internet for information on your topic. Some search engines you may want to try are: [www.google.com](http://www.google.com) , [www.yahoo.com](http://www.yahoo.com), and [www.profusion.com](http://www.profusion.com).

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| step 4 |

 **How Will You Finance the Business?**

 Every day thousands of businesses are forced to close their doors. The most common reason given for the high failure rate of small businesses is lack of adequate capital. Capital is any asset that a business uses to create value and generate profits, including financial resources, equipment, and even human capital. Working capital means cash and is usually what beginning businesses lack.

Here are some facts you should know about financing your business:

* Most businesses are started with money from personal savings, family, or friends.
* Only about 20% of new business owners start their business with money borrowed from commercial-lenders
* No conventional lending source, private or governmental, will make a commercial loan for 100% of the funds you need to sort your business.
* As a rule of thumb, you will need to provide a minimum of 25-30% of personal investment toward the total start-up costs of your business. If you have less than this, your chances of obtaining outside financing are not good.
* Your "sweat equity" will not be considered relevant by the lender.
* As a general rule of thumb, you will need $1.50 in quality collateral for every $1 you want to borrow.
* Although you may think, your collateral’s true worth is appraised value or its original cost, its worth to the lender will be far less than either of these values.
* Your financial projections must show that any loan proceeds plus interest and other business expenses can be repaid from business revenues. The assumptions that you base your financial projections on will be examined carefully for reasonability. When the lending decision is being made, having adequate collateral will not override your business's inability to generate positive cash flow.
* Acquiring a loan will be more involved and time-consuming than you think. In the best of circumstances, it will normally take 60-90 days to close a loan. If you have a complex situation or if the lender needs additional information, the time span may be significantly longer.

**Sources of Financing**

Funding for a business usually comes in two forms: debt and equity. **Debt** is obtained from borrowing and must be repaid from cash flow. **Equity** is contributed by owners or investors and is not repaid from operations.

There are several sources to consider when looking for financing. It is important to explore all of your options before making a decision.

* **Personal savings:** The primary source of capital for most new businesses comes from savings and other forms of personal resources. While credit cards are often used to finance business needs, there may be better options available, even for very small loans.
* **Partner:** Very rarely does a single individual have sufficient resources to start a company on his or her own. With the right mix, a partner can bring both human and economic capital to the table. Having a partner also spreads the risks involved in running a business.
* **Friends and relatives:** Many entrepreneurs look to private sources such as friends and family when starting out in a business venture. Often, money is loaned interest free or at a low interest rate, which can be beneficial when getting started. Your friends and family may want to be a part of the company in exchange for the money. Remember, once you bring friends and family into the business, there is little separation between your professional and personal life.
* **Banks and credit unions**: The most common source of funding, banks and credit unions, will provide a loan if you can show that your business proposal is sound and that you have some money to contribute (typically 20%).
* **Angel financing**: In angel financing, a private investor or group of investors will contribute money in exchange for an equity stake in the company and perhaps a seat on the board of directors. In many cases, an angel will also contribute expertise, management skills and strategy advice. Angel financing is appropriate if you are seeking anything from a few thousand dollars to $3 - $5 million.
* **Venture capital firms:** A venture capital fund is a firm that specializes in financing new ventures with capital supplied by investors interested in speculative or high-risk investments that have the potential to provide them very high rates of return. They start where angel firms leave off.

**Loans**

**1. The Five C's of Credit**

Your bank is not a charitable institution. It is in business to make (not lose) money. Consequently, when a bank lends money it wants to ensure that it will be paid back. To maximize the possibilityof being paid back, the bank wants to make sure that there is sufficient assurance that a person can pay back a loan and that he or she has met such obligations before. The bank must consider the 5 “C’s” of Credit each time it makes a loan. Review each category and see how you stack up.

* **Capacity** to repay is the most critical of the five factors. The prospective lender will want to know exactly how you intend to repay the loan. The lender will consider the cash flow from the business, the timing of the repayment, and the probability of successful repayment of the loan. Payment history on existing credit relationships- personal and commercial- is considered an indicator of future payment performance. Prospective lenders also will want to know about your contingent sources of repayment.
* **Capital** is the money you personally have invested in the business and is an indication of how much you have at risk should the business fail. Prospective lenders and investors will expect you to have contributed from your own assets and to have undertaken personal financial risk to establish the business before asking them to commit any funding. If you have a significant personal investment in the business, you are more likely to do everything in your power to make the business successful.
* **Collateral** or "guarantees" are additional forms of security you can provide the lender. If for some reason the business cannot repay its bank loan, the bank wants to know there is a second source of repayment. Assets such as equipment, buildings, and accounts receivable and in some cases inventory, are considered possible sources of repayment if they are sold by the bank for cash. Both business and personal assets can be sources of collateral for a loan. A guarantee, on the other hand is just that—someone else signs a guarantee document promising to repay the loan if you cannot. Some lenders may require a guarantee in addition to as security for a loan.
* **Conditions** focus on the intended purpose of the loan. Will the money be used for working capital, additional equipment, or inventory? The lender will also consider the local economic climate and conditions both within your industry and in other industries that could affect your business.
* **Character** is the general impression you make on the potential lender or investor. The lender will form a subjective opinion as to whether or not you are sufficiently trustworthy to repay the loan or generate a return on funds invested in your company. Your educational background and experience in business and in your industry will be reviewed. The quality of your references and the background and experience of your employees also will be taken into consideration.

**2. Types of Business Loans**

Terms of loans may vary from lender to lender, but there are two basic types of loans:

A **short-term** loan has a maturity of up to one year. These include working capital loans, accounts receivable loans and lines of credit.

**Long-term** loans have maturities greater than one year but usually less than seven years. Real estate and equipment loans may have maturities of up to 25 years. Long-term loans are used for major business expenses such as purchasing real estate and facilities, construction, durable equipment, furniture and fixtures, vehicles, etc.

**3. How Your Loan Request Will Be Reviewed**

When reviewing a loan request, the lender is primarily concerned about repayment. To help determine this ability, many loan officers will order a copy of your business credit report from a credit reporting agency. Therefore, you should work with these agencies to help them present an accurate picture of your business. Using the credit report and the information you have provided, the lending officer will consider the following issues:

* Have you invested savings or personal equity in your business totaling at least 25 percent to 50 percent of the loan you are requesting? (Remember, a lender or investor will not finance 100 percent of your business.)
* Do you have a sound record of creditworthiness as indicated by your credit report, work history and letters of recommendation? This is very important.
* Do you have sufficient experience and training to operate a successful business?
* Have you prepared a loan proposal and business plan that demonstrate your understanding of and commitment to the success of the business?
* Does the business have sufficient cash flow to make the monthly payments?

### **Financial Worksheets**

Now it is time to put some numbers down on paper. A lender will usually use four primary financial statements to make a credit decision.

* **Personal Financial Statement:** This indicates your net worth and is important to the lender, particularly if you have never received financing for your business before, because it gives him or her evidence of personal assets you could pledge to secure a loan.
* **Balance Sheet**: This provides you with a snapshot of your business at a specific time, such as  the end of the year. It keeps track of the company's assets (what the company owns including cash) and liabilities (generally loans from others). It also shows the capita, or equity, put into the business.
* **Profit and Loss Statement**: Also called the income statement, the profit and loss statement takes the sales for the business, subtracts the costs of goods sold, and then subtracts other expenses. A lender will typically need a 3 year projection.
* **Statement of Cash Flows:** This statement presents the sources of cash in your business- from net income, new capital, or loan proceeds- versus the expenditures, or uses of cash, over a specified period of time.

We recommend that you prepare the following two financial statements:

* Personal Financial Statement [http://asbdc.ualr.edu/start/sukit10.htm]
* Start-up Calculator [www.businessknowhow.net/bkh/startup.htm]

If you take the FastTrack class for Business Start-ups, you will learn more about financing your business and will put together the financial documents that you need. Check out our training calendar at [www.utahsbdc.org](http://www.utahsbdc.org) or contact the Utah SBDC office nearest you to find out when the next class is scheduled.

Personal Financial Statement

Date: \_\_\_\_\_\_\_\_\_\_

**Assets**

Cash on hand and in checking accounts \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Savings accounts \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

U.S. Government bonds \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 IRA or other retirement account \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Certificates of deposit \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Money owed to you \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Life insurance cash value \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Other stocks and bonds \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Real estate \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Automobile \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Boats, motorcycles, snow machines, etc. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Household furnishings \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Other personal property \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Other assets \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

###  **TOTAL ASSETS \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Liabilities**

 Bills \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Credit card balances \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Notes payable to banks \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Installment account (auto) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Installment account (other) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Loans of life insurance \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Mortgages on real estate \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Unpaid taxes \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Other liabilities \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**TOTAL LIABILITIES \_\_\_\_\_\_\_\_\_\_\_\_**

**NET WORTH (Total Assets Total Liabilities) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Start-up Cost**

**1. One-time Start-up Costs**

Fixtures and equipment \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Decorating and remodeling \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Installation of fixtures and equipment \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Starting inventory \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Deposits with public utilities \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Legal and other professional fees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Licenses and permits \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Advertising and promotion for opening \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Consulting and software \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Cash \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Other \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**TOTAL \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**2. Monthly Expenses**

Salary of owner/manager \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Other salaries and wages \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Rent \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Advertising \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Delivery expense \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Supplies \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Telephone \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Utilities \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Insurance \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Taxes, including Social Security \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Interest \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Maintenance \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Legal and other professional fees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Credit card fees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Dues and subscriptions

Miscellaneous \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**TOTAL MONTHLY EXPENSES \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**3. Number of months needed to be established \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**4. Start-up Costs: 1 + (2X3) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

|  |
| --- |
| step 5 |

 **Contact Your Local Utah SBDC Counselor**

Congratulations! If you have completed the first four steps, you know:

* Whether you have the personal, business, and lifestyle requirements to begin a small business endeavor
* Your idea has been thoroughly examined and refined
* There are customers for your product or service
* Generally, you can make-the finances-work

With this Information, you are on your way to putting together your Business Plant, an important cornerstone of starting a business. But there are still many more questions to answer and choices to make.

At this point, we recommend you make an appointment with one of our knowledgeable business consultants. They can review your information, answer your questions, and point you in the right direction to complete the additional steps needed to start your business. And all this is confidential and no cost to you! Contact the Utah SBDC office nearest you to set up your appointment.

### **Additional Steps**

Some of the additional questions you will need to answer are:

* What legal structure will you have?
* What insurance coverage will be needed?
* What accounting system will you use?
* What equipment and supplies wilt you need?
* What will you name your business?
* Where will your business be located?
* How will you market your business?
* What permits and licenses do you need?
* Should you rent or lease?
* What do you need to set up an office?
* Should you have a home-based business?
* Have you applied for your state employer ID number and your federal identification number?
* Have you obtained a business license?
* Have you checked zoning and other land use ordinances?
* Have you established a bank account?
* Where will you find qualified employees?
* How much will you pay your employees and yourself?
* How will you price your product?

| **Orem – Utah Valley University****Camille Pendleton – Regional** **Director**815 W 1250 S, BRC Bldg., Room 104 Orem, UT 84058 - [View Map](https://www.google.com/maps/place/Orem%2BSmall%2BBusiness%2BDevelopment%2BCenter/%4040.2735974%2C-111.717672%2C17z/data%3D%213m1%214b1%214m5%213m4%211s0x874d9b1d344856ff%3A0xcbdc3070be0a1d63%218m2%213d40.2735974%214d-111.7154833)**Phone:** 801-863-8230 main 801-863-7071 fax

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