

MANAGING



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Starting your own business

“A business of my own” is a magical phrase. It haunts, intrigues, inspires, motivates, and challenges many people. Owning your own business can be very rewarding. It brings independence and allows you to do something you enjoy, in your own way.

But along with the benefits come certain risks and possibility of losses. If you are thinking of starting a business, decide what you are going to risk and how much you are willing to lose.

Owning your own business will mean long hours, going without some fringe benefits, limited vacations, and no cost-of-living salary adjustments, just to name a few. Owning your own business requires more than being “technically good” at what you do. You will also be responsible for marketing, advertising, bookkeeping, taxes, and many other aspects involved in managing a business.

There are many advantages and disadvantages of business ownership. Each person will need to weigh the pros and cons carefully before plunging ahead. Ask yourself some questions:

- Do you have an entrepreneurial personality?
- Are you self-motivated and able to initiate action?
- Are you willing to work 60 to 70 hours per week?
- Do you enjoy managing other people?

Develop a business plan

Before you start your business, sit down and write out what you want to do. Writing a business plan helps you think through your business idea and decide whether it will work.

- **Define your business.** Summarize what you intend to do, your experience, what you know and do well, the image your business will portray, and the types of service or product you will offer.
- **Identify your customers.** Define your customers by geographic location, age, occupation, income, gender, family size, lifestyle, education, interests, activities, spending habits, and needs. Your definition will help you determine which features of a service or product to offer, as well as which marketing and advertising methods to use to reach the right people.
- **Determine your competitive edge.** Who are your competitors? Identify their strengths and weaknesses. List the reasons why customers will come to you instead of your competition.
- **Research the market.** What industry or trade group will your business belong to? Who can provide technical help? Have you talked to other people in this industry? What are industry trends for growth and profitability? What is the failure rate for new businesses?



- **Set objectives.** Objectives are the starting points in planning. Objectives help you decide what you want to accomplish. But they are not fixed. They will change as your business changes. By changing in response to outside trends, your business is less likely to fail.
- **Develop financial projections from your market research.** Will your business idea generate enough cash flow? Develop projected income, costs, and expenses for the first three years of operation. Will the cash flow from the business allow you to pay the business bills, service business debt, and start to meet your personal income needs?
- **Assess your business skills.** You will need at least these five types of skills in any business:
 1. **Technical** — Ability to develop the service or product
 2. **Marketing** — Ability to reach your customers
 3. **Financial** — Ability to maintain and understand financial controls and records
 4. **Supervisory** — Ability to work well with employees (if any) and others
 5. **Management** — Ability to do planning, pricing, and other aspects of business

Home-based business

Working at home used to be primarily a way to moonlight and earn extra money the family needed. People now choose to work at home to combine the needs of business and family.

To start a home-based business:

- **List your experiences, hobbies, and skills.** This can help you determine what you want to sell.
- **Develop a business plan** using the steps previously described.
- **Decide how to market your business** by determining:
 - “Who needs the product or service I want to sell?”
 - “How will I reach them?”

For more information on home-based business, contact your county UW-Extension office to view the videotape *Planning Your Profitable Home-Based Business* or view UW-Extension Cooperative Extension’s *Starting a Value Added Farm-Food Business* at www.uwex.edu/ces/agmarkets/starting.html.

Small business help

Wisconsin’s Small Business Development Centers

(www.wisconsinsbdc.org) at (800) 940-SBDC provide counseling, workshops and assistance. Contact your **University of Wisconsin-Extension office** (www.uwex.edu/ces/cty) for the closest Area Business Agent or Business Counselor or check the government listings in your phone book.

The State of Wisconsin’s **Build Your Business** web site (www.wisconsin.gov/state/byb/) is designed to make it easy for you to obtain the information you need to seriously plan and prepare for the start or expansion of your business. Included are risk assessments and resources to help you navigate the processes of getting a business up and running.

On the site you will find the new online **Business Wizard**

(www.wisconsin.gov/state/app/wizard/LoadIntro) that uses a simple question and answer format to help you identify the following information that is specific to your business:

- Determine licensing, permitting, and regulatory requirements
- Obtain necessary application forms
- Identify available state resources
- Access other valuable business-related information

Or, you can contact the **Wisconsin Department of Commerce** at (800) 435-7287 (800-HELP-BUS) or www.commerce.state.wi.us/BD/BD-com-2610.html.

Wisconsin Women’s Business Initiative Corporation—(WBIC) (www.wwbic.com) provides business education and access to capital for entrepreneurs through consultation, education, and mentoring of small and micro businesses throughout Wisconsin. For more information, call (414) 263-5450 in Milwaukee or (608) 257-5450 in Madison.

Starting your own business can be an alternative to finding another job. With careful planning, hard work, willingness to seek help, and technical assistance, you might find it can be rewarding.



Resources

For help watching out for scams...

See these money management fact sheets in this series, in English or Spanish:

Setting spending priorities (B3459-01)/
Cómo decidir cuáles son los gastos más importantes (B3459-01S)

Strategies for spending less (B3459-02)/
Cómo gastar menos (B3459-02S)

Deciding which bills to pay first (B3459-03)/
Cómo decidir qué cuentas pagar primero (B3459-03S)

Talking with creditors (B3459-04)/
Comunicación con los acreedores (B3459-04S)

Keeping a roof overhead (B3459-05)/
Cómo asegurarse de que la familia tenga donde cobijarse (B3459-05S)

Meeting your insurance needs (B3459-06)/
Cómo pagar por el seguro que necesita (B3459-06S)

Bartering (B3459-07)/
El trueque (B3459-07S)

Making the most of what you have (B3459-08)/
Cómo sacar el mayor provecho de lo que tiene (B3459-08S)

Deciding if bankruptcy is an option for you (B3459-09)/
Cómo decidir si la protección por bancarrota es una buena opción para usted (B3459-09S)

Taking care of yourself (B3459-10)/
Cómo satisfacer las necesidades personales (B3459-10S)

How you can help when mom or dad is unemployed (B3459-11)/
Cómo puedes ayudar cuando tu papá o tu mamá está sin empleo (B3459-11S)

Helping children cope (B3459-12)/
Cómo ayudarles a los niños a sobrellevar las dificultades (B3459-12S)

Community agencies that can help (B3459-13)/
Las agencias comunitarias pueden ayudar (B3459-13S)

Looking for a job—Watch out for scams (B3459-14)/
Búsqueda de trabajo—Tenga cuidado con las estafas (B3459-14S)

Where to go for help finding a job (B3459-15)/
Dónde conseguir ayuda para encontrar empleo (B3459-15S)

Starting your own business (B3459-16)/
Cómo iniciar su propio negocio (B3459-16S)



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