

# Things to Consider Before You Start Your Business

**Sources:** Colorado Business Resource Guide &  
Small Business Development Center (SBDC)

Starting a business can be risky. Understanding the risks and minimizing them through careful planning can improve your chances for success. Please consider the following:

## Personal and Financial Considerations

- ✓ I am a highly motivated self-starter.
- ✓ I have the emotional stability to deal with the stress of being a business owner.
- ✓ I have all of the practical experience and skills required for success in my own business.
- ✓ I am financially positioned to leave my current employment. In other words, I have savings to cover my salary for a period of time or I am able to guaranty my business will have enough cash flow to cover my living expenses.
- ✓ I have the ability to cover my own health insurance expense.
- ✓ I am willing to deal with the possibility of working longer hours for less money until my business becomes profitable.
- ✓ My friends and family understand what I'm considering as a business and are they supportive of my commitment.

## Basic Start-Up Considerations

- ✓ My business concept is feasible.
- ✓ I have thoroughly researched the products and/or services I plan to provide.
- ✓ I have determined there is a market for my product and/or services and have a sound marketing plan.
- ✓ I have identified my competitors and have a sound strategy for dealing with them.
- ✓ I have a reputable attorney; accountant, banker, and insurance agent and I have sought and carefully considered their advice.
- ✓ I am thoroughly informed about business licensing requirements, zoning issues and tax reporting and payment responsibilities.
- ✓ I have thoroughly researched the best business structure for my operation.
- ✓ I have thoroughly researched my financing options and am able to access the start-up and operational capital I need.
- ✓ I have, or someone I trust has, the organizational and bookkeeping skills to keep my financial and administrative requirements current and accurate.
- ✓ I have thoroughly researched location, leasing, and purchasing options.
- ✓ I have developed a brand/logo and trade name.

## Basic Start-Up Considerations, continued

- ✓ I have thoroughly researched my brand/logo, trade name, patents, and/or copyrights in all relevant categories and have registered them in a manner to insure legal protection.
- ✓ I have completed a comprehensive **business plan** that includes:

### **Summary**

1. Statement of Purpose and Objectives of the Business
2. Business Structure
3. Definition of the Market Served/Customer Profile
4. Description of Products and/or Services

### **Market Evaluation/Marketing Strategy**

5. Location of the Business and Map of Competitors
6. Advertising and Promotional Programs
7. Market Analysis

### **Owner/Management Team**

8. Owner/Management Qualifications for all Partners
9. Owner/Management and Partner Functions

### **Operations**

10. Location is Relationship to Ideal Customer Base
11. Location and Facilities Requirements
12. Staffing Requirements/Organization Chart
13. Training Requirements/Initial and On-Going

### **Financial Summary**

14. 1<sup>st</sup> Year Financial Analysis
15. 1-5 Year Profit/Loss Projections
16. Breakdown of Start-Up Costs and Capital Expenditures

### **Risk Analysis**

17. Primary Areas of Risk and Viable Solutions
18. Identification of Potential Business Difficulties and Viable Solutions

## Partnership and Investor Considerations

- ✓ My partner(s) and I have complementary skills and compatible personalities.
- ✓ My partner(s) and I have a written understanding of our place in the organizational structure and our respective responsibilities.
- ✓ My partner(s) and I have a well-drafted and legally binding partnership agreement that includes and “buyout” clause.
- ✓ The partner(s) buyout agreement is funded (e.g. escrow funds, whole life insurance, etc.)
- ✓ My investor(s) and I have a well-drafted and legally binding agreement.
- ✓ I am able to provide current and accurate financial information to my partners and investors.