

Small Business Primer: Strategies for Success

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Slide 1 Small Business Primer: Strategies for Success

The Business Primer: Strategies for Success- Presented by the Office of Native American Affairs of the US Small Business Administration

Slide 2 introduction

Hello and welcome to the Small Business Administration's Business Primer: "Strategies for Success."

This is a self-paced online business course. It is designed to assist Native People who are thinking about starting a business or who are in the early stages of starting a business.

Slide 3 Objectives

The course has three primary objectives:

- Help you determine your readiness to start a small business
- Provide an overview of small business principles
- Introduce you to key SBA resources

To begin navigating through the module, you may click on one of the sections or click the Continue button.

Slide 4 Are you ready?

Slide 5

Starting a business takes guts, passion and a deep personal commitment to turn your dream into a reality. And as any seasoned entrepreneur would tell you, hard work and more hard work is necessary to get your business off the ground.

Slide 6

There are many different paths in life that lead people to entrepreneurship, regardless of which one got you to this point, you are ready to take the plunge congratulations and good luck.

The small business primer will address many of the questions going through your mind. It will help you understand the critical aspects in starting your new adventure. So if you are ready, let's get started...

Slide 7 Is your idea viable?

Slide 8 Questions to Ask Before You Start

Most entrepreneurs think their idea is the greatest thing since sliced bread. Unfortunately, sometimes entrepreneurs can be blinded by their own passion or excitement, so take some time and think about the questions on your screen.

If you can answer yes to them and are committed to providing exceptional customer service, you are certainly on the right track.

Slide 9 Market Research

Researching about your potential customers is vital, so that you can really understand their needs and wants. This is called Market Research, and can be done in a variety of ways.

Click on each of the headings to learn more about your industry, customers and potential competition.

Slide 10 Planning for Success

Slide 11 Your Business Plan

Before action is taken, any venture needs a plan. For your business, that means a business plan. Your business plan acts as guide to helping you start and grow your business. It forces you to answer tough questions and to identify the areas that need additional work.

The business plan is written document that clearly outlines the goals of the business and describes how they'll be achieved.

Slide 12 Your Business Plan

Simply put, a business plan tells your story. The story describes what the business does, why it exists, how the business will operate, why it will be successful, and how it will be profitable.

Slide 13 Your Business Plan

If you're thinking of bringing on any partners, employees or financiers, the business plan shows how you will turn your ideas into a successful business. And even if you don't plan on having any partners or employees, the business plan helps you see what you will need to make your business succeed.

Slide 14 Your Business Plan: A Living Document

Your plan should be a continual work in progress with updates made as needed throughout the life of the company.

Slide 15 Business Plan Sections

A well written business plan will usually include the following sections; Click on each section to learn more.

Slide 16 The Legal Side

Slide 17 Moving..

With a solid business plan in hand, you can now turn your attention to legal matters associated with small business ownership. After the planning process has been completed, a prospective business owner should move from the conceptual state towards the actual legal formation of the business.

The legal aspects of starting a business are complicated, and this primer course is not intended to fully discuss them. Consultation with an attorney may be necessary so that all legal consequences of business formation can be considered.

Slide 18 Legal Aspects

Typically, the issue of business formation is concerned with taxes, both relating to the individual or individuals forming the business and for the business itself. Generally, there are several legal matters that prospective entrepreneurs should consider when deciding:

What should the legal structure of your business be?

This decision will have long-term implications, so you will want to select the type of ownership that is right for your situation.

Slide 19 Legal Aspects

In making the choice you will want to take into account the following:

- Your vision regarding the size and nature of your business,
- The level of control you wish to have,
- The level of structure you want and are willing to accept,
- the business's vulnerability to lawsuits,
- tax implications of the various business structures,
- expected profit or loss of the business,
- whether or not you will need to business, and
- Your need for a way to cash out of the business.

Slide 20 Legal Aspects

While there are five basic ownership forms, most initial businesses starting out begin as Sole Proprietorships. In fact, if you do not form another legal structure, your business will be classified as a Sole Proprietorship by default.

Click on each topic to discover the options available to you.

When you are finished with this section, click on the Continue button to move on to the next section.

Slide 21

Most cities, states, counties or tribes impose licenses and/or permits on a wide variety of businesses. Business licensing can differ from state to state, or by reservation.

A business may be required to obtain various licenses and/or permits in order to operate. Here are some of the common types. (Note: A complete list cannot be given because different businesses require different licenses.)

Take some time and click on each of the buttons to learn more. When you are finished with this section, click on the continue button to move on.

Slide 22 Employer Identification Number

Regardless of whether a business is on or off the reservation, it will need a Federal Employer Identification Number(EIN), except for the case of Sole Proprietors, who use their own social security number for identification. Most businesses must apply for an EIN regardless of whether or not they have employees. The EIN is used for filling federal income taxes for the business, to make sure employees are credited with social security taxes to be paid by the business, and to make sure employees are credited with the appropriate amount of income taxes withheld by the business.

To learn more about and obtain an EIN, visit the internal Revenue Service website.

Slide 23 Federal Licenses & Permits

Most small business do not require a federal license or permit, unless they are engaged in one of the following regulated activities: investment advertising, drug manufacturing, preparation of meat products, broadcasting, ground transportation or selling alcohol, tobacco and firearms.

Click on the Continue button to move on to the next section.

Slide 24 The Numbers

Slide 25 Understanding the Numbers: Raising Capital

You need money to start and run a business, that's a few will dispute. However, it is one thing to have seed money to get started in business and another to have sufficient capital to sustain the business during the startup phase.

The ability to estimate realistic start up costs and raise sufficient critical is to the success of your business.

In this section, we will discuss estimating start up costs, ways to find needed capital, how to go about borrowing money, how to understand the numbers, and the accounting process.

Slide 26 Start-up Costs

When starting a new business it is important to carefully estimate how much it will cost.

To do this you need to estimate your initial fixed costs, plus your estimated monthly expenses. Your monthly expenses should be projected for three to six months to allow the business to generate cash flow.

Your total estimated startup costs would then be calculated by adding your fixed costs to your monthly projections.

Click on the “Estimate Your Costs” icon to access the “Start-up Costs Estimator.” When you are finished with this section, click on the Continue button to move on.

Slide 27 Finding Capital

Now that you know what cash you will need to have on hand, there are several important sources to consider when looking for funding to start or run your business. Keep in mind there is no easy path to take in looking for capital for your business. Each of the options has inherent pros, cons, and tradeoffs.

Slide 28 Finding Capital

You'll have to consider all options to see what makes sense for your particular situation. Click on each of the sources to check out your options. When you are finished with this section, click on the Continue button to move on.

Slide 29 Financial Statements

Once your business becomes operational, investors, bankers, and creditors alike will measure its financial performance by examining the relationship between six essential elements: assets, liabilities, equity, income, expenses, and profit. And the success of your business depends heavily on how well these elements are planned, controlled, and executed. Therefore it's important at the outset that you recognize the importance of these six financial fundamentals and familiarize yourself with how they are analyzed.

Slide 30 Financial Statements

These elements compose the three primary financial statements: balance sheet, income statement, and cash flow statement.

Click on each term to familiarize yourself with what makes up the financial statements. Then take some time to reflect on the information that was presented. Go back and review any parts that require more attention.

When you are ready, click on the Continue button to move on to the Marketing section.

Slide 31 Attracting Customers

Slide 32 Your Customers

Surely, any successful entrepreneur will agree that in order to achieve success, you must first learn how to attract, serve and retain customers.

Because marketing much more of an art than a science, it is nearly impossible to say what mix of marketing activities will work for any one company.

So instead, we'll present you with the soundest marketing strategies.

Marketing is all about building relationships with customers and leveraging those relationships to achieve a profitable sales volume.

Slide 33 Marketing Strategy

To accomplish this, a good marketing plan uses four key principles:

- Determining customer needs
- Selecting specific target markets,
- Determining how to satisfy customer needs, and
- Identifying your competitive advantage

We'll take a closer look at each of these four concepts.

In each of the following sections, you will find links and key resources that will help you accomplish each of these marketing tasks for your own business.

Slide 34 Marketing Data

Successful marketing require timely relevant marketing information, so you will want to come up with a plan for obtaining and analyzing such data.

Some sources of market data include direct mail, questionnaires, web-based surveys, telephone and personal interviews.

Click on the icon to learn more.

Click on the Continue button when you are finished with this section.

Slide 35 Target Marketing

The idea behind target marketing is to concentrate your efforts on one or more key market segments to get the biggest bang for your marketing buck. After all, you wouldn't want to waste your time or money selling services to people who are unlikely to buy from you. There are two methods to segment a market: geographical segmentation and customer segmentation.

Slide 36 Geographical Segmentation

Geographical Segmentation allows you to determine the needs of customers in certain geographical areas. Whether it's international, national, or regional.

Slide 37 Geographical Segmentation Example: Convenience Store

For example, a neighborhood convenience store owner would only send advertisements to people living within a half-mile radius of his her store. Or you may choose to sponsor community events that surround the geographical area of your business.

Slide 38 Customer Segmentation

On the other hand, customer segmentation allows you to pursue those people most likely to buy your product or service based on how or why they purchase products. You'll want to determine the preferences of lifestyles and hobbies of your target market to use as methods. Think about the customer who would naturally buy from you, are they young? Middle aged? Or elderly? Do they have an active or sedentary lifestyle? What income bracket do they fall into? Do they share common interests or tastes? Do they live in a particular region or live across the country?

Slide 39 Bring It All Together

Now take a look back at your market research and try and find some common threads that tie together certain groups that make them likely targets for your business. For more information this topic, click on the icon to learn more. When you are finished with this section, click on the Continue button.

Slide 40 Marketing Strategy

A good marketing strategy encompasses all of the tactics you will use to effectively distribute information to sell your products and services. This combination of different elements is sometimes referred to as "the marketing mix".

Slide 41 Marketing Mix

Click on each of the terms to learn more. When you are finished with this section, click on the Continue button.

Slide 42 Marketing Plan

A marketing plan is a written document that outlines your approach to researching, selling to, and retaining customers. It compliments your business plan and in many ways is equally important.

Slide 43 Marketing Plan

Your plan should identify customer groups that you can serve better than your competitors.

Slide 44 Marketing Plan

...and should help you tailor product offerings, pricing, distribution, promotional efforts, and services to those markets.

Slide 45 Marketing Plan Sections

A good plan will help you focus on the target market products and services. Click on the heading to learn about the sections of the marketing plan.

When you are finished with this section, click on the Continue button.

Slide 46 Congratulations!

Congratulations! You have just completed the Small Business Primer.

Please remember there are many organizations with resources we've listed in this workshop to help you start and grow your business.

You're not alone, go ahead and contact them for help!

And again, congratulations on your decision to start a business.

Good luck, and thank you for participating in the SBA office of Native American Affairs Small Business Primer.

Click on the icon to print a Certificate of Completion for this course.