

Chapter Four

You Need a Plan

“If you prepare yourself at every point as well as you can, with whatever means you may have, however meager they may seem, you will be able to grasp opportunity for broader experience when it appears. Without preparation you cannot do it.”

Eleanor Roosevelt

You’ve read the excuses in the last chapter. You saw some of your own excuses there. You even came up with a few additional ones as you continued to read. However, you now realize that they are just excuses and you’re not going to let that stop you from getting started on your new business. You’ve been thinking about entrepreneurship for a while now and you realize that you are not alone.

You know that it’s going to be a good investment for you and your family in the long run. You also know that millions have done it before you and there are people out there who are willing to help you move forward and make it happen. Now what? What do you do once you finish reading this book? Where do you start? The best place to start is with a plan.

Now, don’t start hyper-ventilating by thinking that you have to sit down and type a 100 page business plan right away. As a matter of fact, I will not recommend that you type up a 100 page business plan at any point in this process. We will keep it a little less complicated than that. The plan that I am suggesting at this stage in the game is more like a personal roadmap for you. It’s your itinerary. It’s your To-Do list. It’s going to be your blueprint.

Remember the last time you planned that great party? You had a list of things that needed to be taken care of and accomplished in order to pull off the perfect soiree. Some of you may keep it simple with an electronic invitation, hors d’oeuvres, and martinis on the deck. Then there are those of you who go all out like you’re planning the follow up to Oprah’s Legends Ball.

In either case, you had a list of things to do. You had a plan. The plan that I’m referring to will be a simple list of things that you should and can do right away in order to get started on your road to forming that business you’ve been thinking about.

Put Your Ideas on Paper

The perfect place to start is with your idea or ideas. Grab a notebook or your laptop and start getting those thoughts out of your head and onto some paper. Once you start writing these things down and really giving it some thought, it becomes real. They start to look like legitimate business ideas. Write down all the things you love to do. Write down all the things you want to do. Write down all the things you have a passion for. Don't just write down your hobbies. In some cases, a hobby is just a hobby.

Write down the things that you can turn into viable business solutions. These would be things that not only interest you but, they would also interest other people enough to spend money for it. It may be something others need or it could be something nice that they want but, it has to be perceived as valuable to a customer so that they will spend money to have it. Your idea could be a vision you have for a product or service or both. Put it on paper and start organizing your thoughts. This is just the beginning of your journey.

Create a Concept

So, now you've got a few ideas on paper and you're starting to feel the creative juices flowing. What picture pops into your head when you think of your business? Will you work from home? Do you need an actual building to get your business up and running? Is it something that you can handle through online sales on your website? Think about how you see this story unfolding.

Perhaps you plan on providing virtual administrative services to people all across the country and all you need is a computer and other good office equipment set up in your home. Maybe you plan on starting a bakery and would like to have a storefront with a great kitchen in the trendy new shopping center being built in town. You may design awesome purses and would like to handle all of your sales via your website initially. Perhaps your dream business can be accomplished by buying into a franchise you've had your eye on.

What do you see? Will you be in business alone or will you have a partner? Will you need several employees when you first open the business? These are all things that you need to think about and consider. Then you need to organize everything into coherent thoughts, get them on paper and make it part of your plan. Have some fun with this. This should not feel like homework. If it does, then you are probably not thinking of the right business for you.

Do Your Research

I know there are some of you who may be thinking there's no need to do research if you already know everything about your business. You've been thinking about it for months, maybe even years. You know what the big picture looks like. You know every detail of what you want to do. You just wrote it all down. What else do you need to know about your own business idea? You need to know how this idea of yours is going to translate into the real world of business.

Like I mentioned before, just because you think your idea is the greatest thing since Manolo Blahniks that does not mean that someone else will. You need to find out if there is a market for what you want to do. You need to find out who your competitors are going to be. Is there a need for your product or service? Is there space for it in the marketplace? What are the trends for your particular product or service? Is it something that produces higher sales in the summer or spring versus the winter or fall? Does it appeal to a certain demographic?

These are just a few of the questions that you need to answer before you can move forward with your idea. You may even discover during this research period, if you hadn't already, that there will be additional education or certifications that you will need in order to continue down this path.

All of these things will allow you to be better prepared when it's time to launch your business. The research will take some time but, it's all a part of being an entrepreneur and business owner. Trust me, you will be glad that you did all of this work up front. A lot of businesses fail simply because they were not prepared. Don't let that happen to you.

Draw a Blueprint

Normally, this is the time when you would be told to write a business plan. I have nothing against business plans and in most cases, they are absolutely necessary. However, my goal here is to get you started. I don't want you to back away from the goal of starting your own business because you think that you have to go through some grueling task of writing a boring 100 page business plan. It doesn't have to be that complicated. My goal here is to keep you encouraged not send you running for your life.

For my purposes, I like to call this stage "drawing a blueprint". Depending on the business you start and the financing you will need, some of you will only need

this informal blueprint for your purposes. If it turns out that you need to go to a bank for a loan or investors for financing, then you will need to formalize your blueprint. Even then, it will not need to be a long document full of information that no one will bother to read. A formal business plan needs to include all of the pertinent information in a clear and concise manner. There are people and software that can help you with that. The bottom line is your blueprint should answer ALL of the questions.

What questions you ask? You need to be sure you have the answers to the basic questions that anyone would ask you about your business. Your blueprint needs to provide answers to - Who? What? When? Where? Why? How? That's easy enough, right? Who are you going to sell to? What are you going to sell them? When are you going to sell it? Where are you going to sell it? Why are you selling it? How are you going to sell it? These are all questions that you should readily know the answers to when you discuss your business.

Think of it like a blueprint for your dream house. It's going to show you on paper what your business is supposed to look like. Will you have to go back and make some changes or adjustments? You absolutely will. That's normal. The important thing is that you have all of the basics covered.

You should also use this time to think about your timeline for opening your business. Decide whether or not you want to start this part-time or full-time. Pick a date and work backwards from that date putting your timeline in place. With this blueprint in hand, you'll have what you need to build your business and get ready for "open house".

Determine Your Financing Needs

An important part of your blueprint is the financial portion. It is a part of the "How?" section. After all, you certainly can't build that dream house without knowing how you're going to pay for it. The same is true for starting your business. It will be very important that you understand what it will cost to start your business and keep it running.

You need to be sure that you consider all of the expenses that you can and will incur. You need to determine how much revenue you plan to bring in during the first 6 months, year 1, year 2, etc. In order to determine your revenue, you need to start thinking about how you will price your product or service. Leave no stone unturned.

Depending on the type of business you will have, you may or may not need a lot of outside funding. If your business is home-based, then perhaps you have enough money saved or a loan from a family member that will cover your startup costs. If you need a building and some employees to run your business, then you may need a bank loan or investors to cover your costs. You should know when you will start to expect a profit and a return on investment. In any case, you will need to know the numbers.

Underestimating the amount of money required to start AND run a business is another reason businesses fail. You have to plan for the startup time. You have to be sure that you can still cover your living expenses while you build your business. You have to anticipate things that may come up during your first year of operation and include them in your financials.

If you have an online shoe business, then you need to be sure you consider things like shipping costs. Everything counts and it can all add up pretty quickly. If crunching numbers is not one of your strengths, get help. Don't become overwhelmed by the task but, don't minimize the importance of the task. You wouldn't walk up to the check out counter in Neiman Marcus with an arm full of clothes without knowing approximately how much that bundle is worth and how much you have in your purse to cover it.

Don't open the doors of your business, literally or figuratively, without knowing the dollars and cents. You will be happy that you took the time to cover this area of your blueprint with a fine tooth comb. It will be vital to your success.

What's In a Name?

During this planning time, you want to start thinking about things like the name of your business and the kind of image you are aiming for. What colors would you like to use? Will your business name include your name or will it need to be something a little more creative? If you use something other than your name, you will have to do some research and make sure your business name is not already taken. You may have to register it with your city, county, or state. The point here is that you need to give it some thought. You're going to want something that you can live with and something that can breathe a little life into your business.

Don't just stop with the name once you start thinking about this. Think about the whole package. What do you envision your logo looking like? What's on your business cards? Do you need letterhead? How can you incorporate all of these

things on your website? Remember, not only are you starting a new business, you are creating an image. What if “Sex and The City” had been called “Those Girls in NY”? It doesn’t quite roll off the tongue the same way does it? Be sure you give it some thought. It’ll be what people see before they even see you. You want it to help you make an entrance.

Share Your Plan and Get Support

Working on your plan is going to be a lot of work. You’ll do this in the wee hours of the night and on the weekends. You’ll rack your brain trying to come up with ideas, creating a concept, doing research, drawing a business blueprint, determining financing, and thinking about your image. It’ll be some lonely work at times; however, it doesn’t have to always be that way. As a matter of fact, I recommend that you don’t keep all of this incredible work to yourself.

When you get to a point where you have something you can actually share with others, by all means do just that. Remember, you will not be able to start this business entirely by yourself. It’s not possible and it’s no fun. Share your plans with your sister or your husband. Share your plans with your friend. Let them know what you’ve been thinking about and what you are trying to do. Solicit feedback from them. Ask for help in areas where you seem to be stuck.

You will need their support. You will need someone in your corner to cheer you on. That will be hard for your family and friends to do if you don’t share with them. Everybody may not have the same enthusiasm that you have for your project and that’s okay. However, those who love you will support you and want to see you succeed. Trust them. You’ll be glad you did.

Chapter Four Highlights

- If you are not sure where to begin, then simply start with a plan.

- Your plan can consist of some of the following basic steps:
 - Put your ideas on paper
 - Create a concept
 - Do your research
 - Draw a blueprint for your business
 - Determine your financing needs
 - Come up with a name
 - Share your plan and get support

- Try your best not to make this more complicated than it needs to be. Keep it simple. Don't convince yourself that you can't start because you fear being overwhelmed.

Business 101 Tip

Financing Your Business

No matter what type of business you decide to open, you will need money. That is a certainty. Some businesses require more money than others but, you will not know the answer until you do the work to determine your financing needs. Once you determine your business' financial needs, there are several ways to obtain funding.

Some of your options include personal savings, family and friends, credit cards, lines of credit, venture capital firms, angel investors, bank loans, and SBA loans.

My advice to you: If you were good about saving money, don't forget to leave a portion for your living expenses during the startup phase. You wouldn't want to have money for your business but, no place to live. If you borrow money from family or friends, be sure to put it in writing. No need to have a 10 year spat with Aunt Betty over a little business loan. Finally, be sure to look for zero or low interest credit cards if you decide this is a viable solution for you. High interest credit cards will only make you feel like you haven't made a payment toward your outstanding balance.

Research all of your options and be sure to choose the solution that is best for you, your family, and your business.