Finding the Right Idea
For My Business

SCORE™
FOR THE LIFE OF YOUR BUSINESS

SCORE™ | Buffalo Niagara

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Agenda

• Five steps in examining your idea
• Describe a couple of helpful tools
• Next steps once you have convinced yourself to launch
American Business is Overwhelmingly Small Business

- There are almost 28 million small businesses in the US and over 22 million are self-employed with no additional payroll or employees.
- Over 50% of the working population (120 million individuals) works in a small business.
- Small businesses have generated over 65% of the net new jobs since 2015.
- Seven out of 10 new employer firms survive at least 2 years, half at least 5 years, a third at least 10 years and a quarter stay in business 15 years or more.
- 52% of all small businesses are home-based.
- Non-employers had average revenues of $44,000.
Some Reasons to be in Business

➢ Be my own boss
➢ An opportunity to make more money
➢ An opportunity to express my creativeness
➢ Determine my own destiny – Opportunity to see dreams come true
Some Myths

➢ All I need is a good idea to have a successful business

➢ If I go out on my own, I’ll have control over the number of hours I work and how hard I have to work

➢ It’ll be a joy to work independently
Finding Business Ideas

➢ Brain Fart
➢ Invention
➢ Products or services that would improve your own life or the lives of others
➢ Things that relate to your own experience
➢ Improvements that could be made in existing businesses
1. Understand Your Motivations

➢ Write down, as clearly and completely as possible why you want to be in business.

➢ Take the opportunity to be honest with yourself about both your hopes and fears

➢ Take into account your personal and family concerns
2. Evaluate Strengths, Weaknesses & Environment

➢ What do I enjoy doing?
➢ What skills have I developed that I can use in a business?
➢ Special knowledge or expertise?
➢ Challenges I have overcome?
➢ Do I struggle completing projects, sitting in an office, performing repetitive physical tasks?

Do a SWOT Analysis
Do a PEST Analysis
List your “Strengths”: What is in place right now that will help you achieve your goals and objectives?

List your “Weaknesses”: What needs improvement for you to achieve your goals and objectives?

List your “Opportunities”: What is available that could help your chances to achieve your goals and objectives?

List your “Threats”: What could prevent you from obtaining your goals and objectives?
Describe the current business & economic environment that could affect making your business idea a reality.
3. Develop Your idea

- Brainstorm your idea or list of ideas. Consider variations.
- Is there an existing business idea where you can make it better by tweaking it?
- Consider ways that technology and operational efficiency would provide better customer service or other value.
- Rate your ideas based on estimated investment cost, personal interest and profit.
What is my Value Proposition?

- What exactly is my product or service?
- What problem does it solve for the customer?
- Why would someone want it?
- If the product/service exists in the marketplace what aspects make it better than what is already out there?
4. Research and Plan

Draft a Preliminary Plan by:

➢ Identifying trends in the marketplace
➢ Identifying competitors
➢ Identifying your ideal customer
➢ Estimating start-up costs and financing needed
➢ Estimating money needed to generate for covering business and living costs
➢ Identifying the tools, resources and new skills you will need to begin and make the business a success
5. Validate Your Idea

Test your idea:

➢ Friends, Family (Careful: objectivity may be an issue)
➢ Call and email Potential Customers to gauge their interest in your product/service
➢ Contact Competitors not within your target market
➢ Test market with a small customer sample
➢ Visit retail stores in your neighborhood and internet sites selling products with same scope as yours
Next Steps

➢ Create/redesign your website
➢ Decide on legal Structure and file necessary paperwork to initiate the business (EIN, DBA)
➢ Identify requirements for State & local licenses, permits, and local zoning
➢ Identify Tax requirements: Federal, State, Local
  ➢ Federal & State Income tax
  ➢ State Corporate Franchise Tax
  ➢ Local Property Tax
  ➢ Sales Tax
Next Steps (cont’d)

➢ Identify insurance required
➢ Identify potential copyright/trademark/patent issues
➢ Identify your advisory team
➢ Open a business checking account
➢ Draft your marketing and financial plans
Legal Structure

➢ Sole Proprietorship
  ➢ Trade Name (DBA) to be registered in County Clerk’s office where business is located

➢ Partnership
  ➢ If business is in other than personal name it is to be registered in County Clerk’s office where business is located

➢ Corporation, S-Corp, LLC
  ➢ Incorporation documentation to be filed with NYS Department of State
Permits, Licenses & Zoning

- New York State Permits & Licenses
  - NYS Online Permit Assistance and Licensing
  - businessexpress.ny.org
  - 518-485-5000

- Local Permits & Licenses
  - Contact local license division of your city and county

- Zoning
  - Whether in-home or other location, check if you would be in violation of local zoning ordinances
Taxes

- **Federal & State Income tax**
- **State Corporate Franchise Tax**
  - Corporations must report and pay franchise tax for all or part of each calendar/fiscal year it exists
- **Local Property Tax**
- **Sales Tax**
  - [www.tax.ny.gov](http://www.tax.ny.gov)
  - NYS Dept of Taxation & Finance - Sales Tax Info Center 518-485-2889
Insurance

To Cover your risks
➢ General Liability
➢ Business Owners Policy (BOP)
➢ Property Insurance
➢ Professional Liability
➢ Specialty coverages for your unique business risks
➢ If you have employees
   ➢ Unemployment Insurance
   ➢ Workers’ Compensation
Intellectual Property (IPR)

Does your business idea have the possibility of infringing on any copyright, trademark or patent?

Better to know earlier than later
Recruit an Advisory Team

➢ Business Insurance Broker
➢ Business Bookkeeper/Accountant
➢ Banker
➢ Lawyer
➢ Mentors (SCORE, SBDC, etc)
Business Bank Accounts

➢ Separate your personal financial activities from your business financial activities
➢ Separate Business Checking Account
➢ Separate account for sales taxes collected

➢ Best to establish a personal relationship with your bank
Written Business Plan

Begin with your marketing and financial plan

➢ Marketing Plan
  ➢ Target Market & Ideal Customer
  ➢ Your Brand & Message
  ➢ Competitors and competitive advantage
  ➢ Marketing vehicles (e.g. social media, email)

➢ Financial Plan - Where do you plan to be in 3 years...then work backwards
Summary

Going from an idea to a business involves:

- Knowing your motivation, strengths and weaknesses
- Realistically assessing market, customers, competitors and the advantages of your product/service
- Testing to validate your idea
- Understanding the practical steps to move from idea to a business
SCORE can help

Submit a mentoring request with SCORE for experienced, free, and confidential business plan and general business assistance

Request mentoring online:
www.buffaloniagara.score.org
or
www.SCORE.org