



Finding the Right Idea For My Business



Buffalo Niagara

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



I. 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

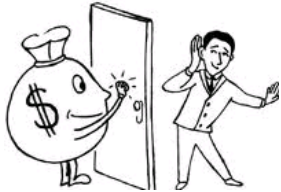
SWOT Analysis



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?

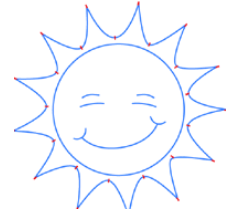


List your “Threats”: What could prevent you from obtaining your goals and objectives?

Evaluating The Environment



PEST Analysis



POLITICAL	ECONOMIC
SOCIAL	TECHNOLOGY

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
 - 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