

NINE STEPS TO TAKE BEFORE STARTING A BUSINESS

Step 1: Entrepreneur Assessment

An entrepreneur is a person who takes an idea for a product/service, considers the risks, identifies opportunities, gathers resources, and plans and implements the idea.

Most entrepreneurs choose this path in order to 'be their own boss' as they enjoy the independence, flexibility and the ability to control their own destiny. Yet, beware, as there is also a potential downside to entrepreneurship that involves financial risks, stress and, in many cases, long hours.

Traits and Characteristics of an Entrepreneur

- Planning / strategy
- Good business mindset/head for business
- Self-reliance
- Clear and do-able goals and objectives
- Knowledge of the field
- Risk management
- Passion
- Strong work ethic
- Delayed gratification
- Persistence
- Lifelong learning

ONLINE ENTREPRENEURIAL ASSESSMENTS

- [Small Business Readiness Assessment Tool](#) – Offered through the U.S. Small Business Administration. Based on your score, you will be directed to what your *next steps* should be.

[Taking the Leap – what Prompts People to Start Their Own Business](#): Article by Bruce Strom, Ph.D.

Step 2: Identify a Business Opportunity

There are many ideas out there. However, not all ideas represent opportunities. An opportunity is defined as a situation where an idea can be exploited to make a profit. Your goal is to find an idea that can be exploited in your area.

Retail Market Information –

These documents provide some base data the existing retail business climate in the county.

[IIRA Retail Trade Summary](#)

Did you know...Most ideas for businesses originate from other work or hobbies; sometimes the ideas are related to educational courses, chance happenings or suggestions. *New Business in America, William J. Dennis Jr., The NFIB Research Foundation.*

TIP: Once you have identified your opportunity, write a 1-2 sentence concept statement that includes the product/service, customer, benefit or value proposition and distribution channel. This concept statement can be used to quickly and effectively convey your business opportunity to potential investors, customers and business advisors.

Step 3: Assess the Business Feasibility

There is no guarantee or entitlement program that will automatically ensure that your business will be profitable or long-lasting. In fact, many businesses – particularly restaurants – fail within the first three years. Why? The answer often is that the new entrepreneur didn't plan well or adequately count the cost before they went out on their own.

The point? Determining the real feasibility – the possibility and probability – of your idea and business succeeding is very important to both short- and long-term success.

Sample Feasibility Analysis Outline

- What exactly is my business idea?
- What are the advantages/disadvantages of this idea?
- What is the potential market for this product/service? Who is my target market?
- What is the financial viability of pursuing this business idea? How much profit can I expect after expenses?
- What are the risks involved with pursuing this idea?
- What are the alternative directions I can go from here?
- What alternative direction should I pursue? Should I move forward?

ONLINE FEASIBILITY ANALYSIS RESOURCES

- This [feasibility checklist](#) excerpted from FastTrac® NewVenture™, a program of the Kauffman Foundation, offers a method for you to rate your business idea and obtain a score to offer further insight as to the viability.

ONLINE MARKET RESEARCH

- [U.S. Census Bureau – State and County QuickFacts](#)

CONSULTING & FEEDBACK

- [Small Business Development Center \(SBDC\)](#) (free) - contact Greg Garrett to set up an appointment to discuss your business idea. It is a FREE service!
Phone – (309)836-2640 Email - SB-Center@wiu.edu
- [Service Core of Retired Executives \(SCORE\)](#) offers free, online answers and advice to your questions.

Step 4: Write the Business Plan

What exactly is a business plan? It is a “proposed course of action for a business.” It is a road map that answers three questions: Where am I now? Where am I going? How will I get there?

Why write a business plan? The #1 reason is for YOU to map out your business, make sure that you have considered all the details. The #2 reason is typically to get financing as most banks or investors will require a business plan. Versions of your business plan can also be used to gain credibility with new suppliers, customers, get feedback from consultants and/or advisors, and getting key employees or partners on board.

ONLINE BUSINESS PLANNING RESOURCES

- [SCORE website](#): Offers many detailed business plan outlines.

BUSINESS PLAN CLASSES (please inquire directly for next scheduled class)

- [Small Business Development Center \(SBDC\)](#) (free)

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Sample Business Plan Outline

- Executive Summary
- The Company
- Products/Services
- Target Market
- Competition
- Sales and Marketing
- Operations
- Financials
- Appendix & Supporting Documents

TIP: Getting input on your business plan is critical. After you have a draft completed, give it to a trusted family member or business associate to get some feedback.

Step 5: Create your Elevator Pitch

You can have the greatest idea in the world, but if you cannot effectively explain and sell your business to your customers, investors, potential employees and other key stakeholders, you will not get very far. An effective elevator pitch enables you to do just that!

What is an elevator pitch? It is description of your company that anyone (even your mother) would be able to understand, and brief enough to be able to do so in the time it would take to ride up an elevator.

You only have one chance to make (or break) a first impression.

ONLINE ELEVATOR PITCH RESOURCES

- [startupnation](#): Offers written example and overview on the elevator pitch
- [Dragon's Den](#): the show where entrepreneurs pitch their business ideas to five wealthy 'dragons'.
- [Elevator Pitch Essentials](#): Based on the well-known book written by Chris O'Leary, gives many key pointers on putting together an elevator pitch
- [TechCrunch Elevator Pitches](#): Startup businesses are pitches online and critiqued/voted on by the online audience. Good opportunity to see what a pitch looks like.

Key Components in an Elevator Pitch

- Hook: Get their attention!
- What is your product/service?
- Who is your target market/customer?
- What is your revenue model?
- What is the basis of your management team?
- Who are your main competitors?
- What is your competitive advantage?
- State your request.

...all in 60 seconds or less!

TIP: Developing an elevator pitch is harder than it looks! Practice your elevator speech with friends or families that are not familiar with your industry. Another helpful technique is to write out your elevator pitch.

Step 6: Financing Options

The majority of businesses start with one of the following sources of funds: savings, family and friends, banks, government programs, angel investors, or venture capital firms.

BANKS IN SCOTT COUNTY

- [First National Bank of Winchester](#)
- [Farmers State Bank](#)
- [Bank of Bluffs](#)
- [United Community Bank](#)

Did you know...

- Small-business owners use an average of \$10,000 to start their businesses. *Wells Fargo/Gallup Small-Business Index, Aug. 16, 2006.*

- 73% of business owners surveyed primarily funded their business with their own personal savings, while 37% obtained loans and lines of credit. *The NFIB Research Foundation.*

- 14% of Inc. magazine's 500 fastest-growing companies in the United States started with less than \$1,000. *Inc., October 2002.*

IDENTIFYING OTHER INVESTORS

Venture Capital Firms

[Key Bridge Partners – Mike Troup](#)

Crowd Funding Websites

[Kickstarter](#)

[Crowdfunder](#)

[WeFunder](#)

[Indegogo](#)

[MicroVentures](#)

GRANTS, LOANS, TAX CREDITS AND OTHER BUSINESS INCENTIVES

Several local, state and federal programs exist to encourage the creation and growth of small businesses. A few of the notable and widely used programs are described below.

- [Tri County Community Development Corporation](#)
- [Scott County Development Corporation, NFP](#)

- *Community Development Corporations (Tri-County CDC)*
[Illinois Department of Commerce & Economic Opportunity \(DCEO\)](#) - Various grants, loans, special programs, tax credits and workforce training incentives are offered throughout the state of Illinois.
- [U.S. Small Business Administration \(SBA\)](#) - There is a variety of loan programs available through this fed SBA. Two of their most popular programs include the [SBA 7\(a\) loan guaranty](#) and the [SBA 504 loan program](#). Ask your bank lender about these programs, or contact the SBA office directly.
- [U. S. Department of Agriculture \(USDA\) Farm Service Agency](#) - FSA makes direct and guaranteed farm ownership (FO) and operating loans (OL) to family-size farmers and ranchers who cannot obtain commercial credit from a bank, Farm Credit System institution, or other lender.

TIP: Know what is on your credit report! You are eligible to receive a free copy of your credit report from each of the reporting agencies once a year. Go to www.AnnualCreditReport.com or a similar website, but follow the instructions carefully as they will try to sell you other credit monitoring services at the same time and there is a charge associated with viewing your actual credit score. By examining your credit report, you can close forgotten credit cards and appeal anything this is incorrect, thereby improving your overall credit standing.

Step 7: Select a Business Structure

CHOOSING AN BUSINESS STRUCTURE

- The [U.S. Small Business Administration](#) provides a nice overview and comparison of the above business structures.

FILING IN ILLINOIS

- Please go to the [Illinois Secretary of State](#) website to register your business entity.

DOING BUSINESS AS (DBA) FILING

- If you are conducting business using a name other than your official name, a Certificate of Assumed Business Name must be filed with the county recorder in each county that you have a place of business in *and* with the [Illinois Secretary of State](#). Sole proprietors and general partnerships need only apply with the county recorder.

ADDITIONAL ASSISTANCE

- This section is intended to give you an overview of the different business structure options that you have, but it is recommended that you consult a local attorney before making a decision.
- Free legal assistance is also available through [TheLaw.com](#).

Business Structure Options

- Sole Proprietorship
- General Partnership
- Limited Partnership
- Limited Liability Partnership
- Limited Liability Corporation
- Corporation (s)
- Corporation (c)

Step 8: Licenses, Regulations and Permits

COMMON STARTING POINTS

- [Internal Revenue Service](#) -- Registration: Businesses must obtain an Employer Identification Number. You may obtain this number by telephone or by filing Form SS-4 with the IRS. Employer Identification Number (606)292-5467. IRS Information Number (800) 829-1040. Forms (800) 829-3676. Or write: IRS, Cincinnati, OH 45999.
- [Illinois Department of Revenue](#): Illinois imposes various taxes on businesses. For more information contact the Illinois Department of Revenue. To receive assistance by phone, please call 800 732-8866 or 217 782-3336. Representatives are available Monday through Friday, 8 am - 5 pm. Our TDD (telecommunication device for the deaf) number is 800 544-5304.

IDOR also has a Business Hot Line that helps meet the needs of businesses and tax professionals. The Business Hot Line is available at 217 524-4772, Monday through Friday, 8 am - 5 pm.

- [Illinois Department of Employment Security](#): Businesses with employees have numerous responsibilities. Assistance may be obtained by contacting the IDES at (800) 247-4984.

ONLINE RESOURCES

- [Starting a Business in Illinois Guide](#)
- [State of Illinois – Business Resources](#)
- [Starting a Business – Internal Revenue Service](#)

Step 9: Mentors and Networking

IDENTIFYING MENTORS

A mentor or advisor can be instrumental on giving you key feedback on your business plan and how to actually implement your business plan. Need help finding a mentor? Try this:

- Identify an individual(s) in your industry and/or a business savvy individual and contact them directly or through someone in your network.
- Search the [Service Core of Retired Executives \(SCORE\)](#) to find an experienced and willing mentor to work with you online.
- Contact the staff at the [Scott County Development Corporation, NFP](#) to be matched up with relevant mentors in the community.

NETWORKING OPPORTUNITIES IN SCOTT COUNTY

Why network? (1) Build credibility and referral base, (2) Get feedback and key information, and (3) Lay groundwork for alliances or joint marketing. In most any industry, networking can be your key to success. A starting point is joining one or more of the following:

[Scott County Development Corporation, NFP](#)