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Starting a small business? Follow this blueprint

By LUCAS BUCL

With the economy rebounding, more people are thinking about starting a business. The first step to starting a business is coming up with a great product or service idea.

Once you have that, it is hard to know where to go next. Here are four key planning steps to consider when starting a

business.

1. Write a Business Plan. Once you have that great idea, it is hard to resist the urge to go out and start selling or producing whatever it is you plan to do. However, the first and most critical step in starting a business is to outline a specific business plan. Writing a business plan will increase the chances that your business will succeed. Recent research has indicated that it may double your chances of success. <http://smallbiztrends.com/2010/06/business-plan-success-twice-as-likely.html>

Business plans come in all shapes and sizes, and there are all kinds of places to go to get information on writing one. A good business plan should have the following elements:

- Outline your company profile and goals.
- Look out three to five years and establish where you want to get to in terms of business size, revenue, profitability, and other key metrics. The details of your plan will define how you get there.
- Clearly define your plan to establish and grow your business. This includes a clear marketing strategy.
- Define how you will fund the business and how you will make it financially viable over time.

The US Small Business Association has some good tools to help create a business plan. Check them out here: <http://www.sba.gov/category/navigation-structure/starting-managing-business/starting-business/how-write-business-plan>

2. Identify Key Professionals to Help You. The top two professionals you will need are a good accountant and a business attorney. The accountant will help you define your business structure, establish proper bookkeeping and recordkeeping practices, and set you in the right direction moving forward. The business attorney can also help you establish the best legal structure, and will be needed to help write or review key business documents such as contracts and lease agreements.

3. Select the Legal Structure. There are a lot of choices, such as a sole proprietorship, partnership, corporation, or a limited liability corporation (LLC). The entity type will depend on the nature of your business, though it often makes sense to set up some sort of corporation from a liability protection standpoint. Your accountant and attorney can help you evaluate your options and make the right choice.

4. Funding. All businesses need capital to get started. Defining your capital plan should be a key step in the business planning process. Determine how much you need to get started and sustain the business long enough in order to allow you to start generating the necessary revenue. It is also important to understand your limits in terms of the amount of personal capital you are willing to risk. If you need more capital, there are various ways to get it. You could bring in other partners or investors to help fund the business, or there are loan options available from both government and private sources. Having multiple sources of financing and a back-up plan in case more funds are needed will create flexibility for you in case the initial financial projections don't work out as planned.

Starting a business is an exciting and potentially rewarding venture. Careful planning and following the key steps above will help set you up for success.

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