



**THE
BASICS OF
WORKING FOR
YOURSELF**

INTRODUCTION

This short booklet is a basic “how to” guide for those individuals who would like to, or are generally interested in starting their own business. At some point in our lives we all seem to feel that we would like to operate our own business — to become our own boss. The entrepreneur refuses to wait and let all their own good ideas pass by; they also want to do something really profitable and exciting. To be challenged and competitive lurks in the very fabric of the American Free Enterprise system; there always seems to be room at the top for another “go getter”.

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Everything has to start somewhere.
- John Paul Getty
(American multi-billionaire)

If at first you don't succeed, you are running about average.
- M. H. Alderson

Colorado Department of Labor and Employment
Youth Services
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ENTREPRENEUR:

A person who organizes and manages their own business for profit; one who creates the opportunity for earning profit by seeking to solve recognized problems.

Entrepreneurs often develop ideas from their prior work experiences. Most have had some kind of self-employment as a teenager. They usually are high - achievers and perfectionists; they also are risk takers.

Entrepreneurs learn from their experiences. Yet they continue to be innovative in their ventures. They also use failure as a point of pride. They will try, and then try again, until they succeed.

CHARACTERISTICS OF AN ENTREPRENEUR

- Performs better when the task is challenging rather than routine
- Insists upon taking personal responsibility for their performance
- Does things before they have to; doesn't let things slide
- Seizes unusual opportunities that often require risks
- Concerns themselves about high quality of product
- Assertive, confronts problems directly
- Efficient, looks for or finds ways to do things faster or at less cost
- Has commitment to work contract, does job on time
- Recognizes the importance of business relationships, and places long-term good will over short-term gain

IN CONCLUSION, AN ENTREPRENEUR SHOULD BE:

- Ambitious
- Enthusiastic
- Creative
- Confident
- Competitive
- Success oriented
- A risk taker
- An "ideas" person
- Organized
- Finance oriented

THE BOTTOM LINE IS:

- Do you want to be your own boss?
- Do you expect more out of life than just a good salary and a steady job?
- Are you willing to take chances?

WHY DO IT?

MONEY
EXPERIENCE
EXCITEMENT
INDEPENDENCE
SATISFACTION

QUESTIONS TO ASK YOURSELF

1. Why do I want my own business?
2. Do I really have the desire?
3. Do I have the time?
4. Do I have the set-up money?
5. Am I prepared for the sacrifices needed?
6. What's my product/service?
7. Who's my market?
8. Where will I sell it?
9. How will I sell it?
10. When will I sell it?
11. Do I need a partner(s)?
12. Can I do it?
13. Should I do it?

TO SUCCEED IN YOUR BUSINESS YOU NEED:

1. Idea (product/service)
2. Goal (your company's objective)
3. Market (potential customers)
4. Competitive spirit (can you compete with rival businesses?)
5. Strategy (advertising, promotion, sales, etc.)
6. Cost/price (how much to charge)
7. Quota (sales to make a profit)
8. Plan of operation (location, materials, supplies, distribution, etc.)
9. Employees/partners (do you need, how many, cost)
10. Time schedules (licenses, permits, manufacturing of product, sales)
11. Financing (where will set-up money, backing money, loans, investments come from)
12. Financial plan (budget, start-up costs, outlay, profit, expectations, anticipated expenses and outcome, and "rainy day" money)

SOME BASIC START-UP BUSINESS IDEAS FOR YOUTH

- Yard work (lawn mowing, planting, weeding, etc.)
- Tutoring (school subjects, music, sports, etc.)
- House-sitting
- Pet-sitting
- House cleaning
- Window washing
- Grocery shopping and grocery delivery (for those who can't)
- Curb and house addresses
- T-shirts, (silk-screened/sales)
- School fads
- Homemade bread and cookies
- Snow removal
- Catering and set-up parties for kids (birthday, etc.)
- Handbill deliveries
- Bike repair
- Pet I.D. tags (making and selling)
- Flower baskets
- Baby sitting service
- Child entertainment and companion service

PERSEVERE, BUT ALWAYS BE FLEXIBLE

DO I HAVE A BACKGROUND FOR THE PRODUCT I'M GOING TO SELL?

- Hobbies
- Clubs
- Interests
- Family background
- Past/present work

A POSSIBLE LIST OF REQUIRE- MENTS FOR SETTING UP A LEGAL BUSINESS MIGHT BE:

1. City Business License
2. Special zoning/occupational license
3. Bonding licenses
4. State seller's license or permit
5. County "Doing Business As" (DBA) statement
6. Incorporation statement
7. Federal Employer Identification Number
8. Social Security Number

FINANCIAL RECORD KEEPING YOU SHOULD USE IN YOUR BUSINESS

1. A checking account
2. A savings account
3. An expenditure ledger
4. An income ledger

THE BASIC KEYS FOR BUSINESS SUCCESS

PLAN
RESEARCH
CAPITALIZE
MANAGE
KEEP RECORDS
SELL, SELL, AND SELL

ALSO:

**START SMALL WITH THE LEAST
POSSIBLE INVESTMENT; KEEP INI-
TIAL EXPENSES TO A MINIMUM.
WHEN YOUR BUSINESS STARTS
MAKING A PROFIT, THEN EXPAND**

ALSO:

Concentrate on the items that sell quickly

**Would you be proud to put your name
on the product?**

FORMULAS:

Sales price - costs of goods sold = gross profit

Profits = total income - total expenses

Income - expenses = profit or loss

Beginning inventory + purchases - ending inventory = cost of sales

ADVERTISING

- If you want to make money then you've got to have sales, so you **must** advertise!
- Direct your advertising specifically to the type of customer (consumer) you are selling to
- In your ads be brief and to the point
- Make them attractive as much as possible
- Make sure you have the basics on the flyer such as product/service, address, phone number, and price

ADVERTISE BY:

- Flyers:** one page, colored. Post at supermarkets, schools, college dormitories, office buildings, apartment buildings, shopping centers, laundromats, bus stops, car washes
- Door-to-door:** sales and promotion; be sure to check with local authorities to insure that solicitation of this nature is permitted
- Classified ads:** in local newspapers, community newspapers, school and college newspapers

ADDITIONAL ADVICE:

Contact the Small Business Administration (SBA) for publications and brochures (some are free) on how to get started (also loan information).

The brochures and publications cover such subjects as:

- Record keeping for small businesses
- Public relations for small businesses
- Profit vs. losses
- Advertising
- Pricing and competition
- Marketing guidelines
- Services available for small businesses
- Personnel management
- Financial management

If you decide to become a "Big business", then check with the local Internal Revenue Service (IRS) for several United States Tax Forms.

Also check with the State of Colorado, Department of Revenue for Colorado State Tax Forms.

Always check with your local city and county government offices to see if special or additional tax forms are required.

BUSINESS START-UP KIT

The State of Colorado provides a complete and thorough kit of information for the first time business owner. This kit contains information on sales and state taxes, unemployment insurance, and seminars held by the Small Business Administration.

To receive this **free** Colorado Business Start-up Kit contact:

Small Business Assistance Center

1560 Broadway, #1530

Denver, Colorado 80202

or call: 1-800-333-7798 (Denver, 592-5920)

WHAT IS REQUIRED TO SUCCEED

- Hard work52%
- Intelligence.....21%
- Better product.....10%
- Experience9%
- Personality8%

Source: United Group Information Services survey of 1,000 small-business owners; figures are rounded

WHY BUSINESSES FAIL

- Bad management33%
- Inadequate capital.....21%
- Lack of experience16%
- Lack of dedication16%
- Economic circumstances13%
- Poor money management.....11%
- High interest rates.....7%
- Overspending7%
- Other16%

Source: United Group Information Services survey of 1,000 small-business owners; figures are rounded

START-UPS: WHO, WHEN, WHY

Average age of first self-employment:28.7 years
 Males:27.6 years
 Females:.....30.0 years

Started business before age 40: ...82%
 Males:.....85%
 Females:78%

REASONS FOR SELF-EMPLOYMENT:

Financial gain:3%
 Independence:63%
 Other:33%

Source: United Group Information Services survey of 1,000 small-business owners; figures are rounded

IN GENERAL...

- 46% said that business school, or background was critical
- Seed money for start-up came from:
 - Personal savings.....41%
 - Bank loans31%
 - Friends and relatives28%

Source: United Group Information Services survey of 1,000 small-business owners; figures are rounded

BASIC TERMINOLOGY

| | |
|------------------------|--|
| ACCOUNT: | A bank or loaning institution account to put money into; a record keeping system of monetary transactions; consumers/customers that use product or service. |
| BUDGET: | To commence a plan for a budget; an itemized summary of probable expenditures and income for a given period of time for meeting expenses. |
| BUSINESS PLAN: | Is a written plan that makes clear the financial needs; identifies the organization and management and can be used to explain to others how the business will operate. |
| CAPITALIZE: | To supply money/finance to a business. |
| CONSUMER: | People or a business that purchases a product or service. |
| EXPENSES: | Outlays of capital needed to sustain business; costs of running a business. |
| FINANCIAL PLAN: | Is a detailed plan explaining where start-up funds (capital) will come from and how it will be used to cover the expenses needed to finance the business. |
| INCORPORATE: | To become, by legal means, a corporation. |
| INSOLVENT: | Unable to meet debts. |
| INTEREST RATES: | A percentage of money charged to a borrower on the principal of a loan. |
| LICENSES: | Official or legal permission, usually in the form of a document, certificate or card; authorize. Fee is usually required and license is usually issued from a government office. |

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|--------------------------|---|
| LOAN: | In this instance, to borrow money or capital from various resources such as banks, loaning institutions, friends, relatives; many times interest rates and time repayment schedules will be involved. |
| MARKET: | In this instance, the consumer/customer; also to sell a product or service. |
| MARKETING PLAN: | A plan used to identify potential customers. |
| PARTNERSHIP: | A contract entered into by two or more persons in which each agrees to furnish part of the capital and labor for a business enterprise; outcome is to share in profits and losses. |
| PERMITS: | An official document or certificate giving permission; a fee is usually required when issued from a government office. |
| PRODUCT: | An object or goods produced or sold to a customer. |
| PROFIT: | Money earned after expenses are met. |
| PROMISSORY NOTE: | A written promise to pay or repay a specified sum of money at a stated time or on demand. |
| PROMOTION: | To attempt to sell or popularize a product or service by advertising or personal selling techniques. |
| RECORDS: | A paper or computer tracking system to keep account of money, expenses, profits, goods-on-hand, or goods sold, etc. |
| RESEARCH: | To study thoroughly; investigate the market for product/services, sales potential. |
| RESERVE: | Profit held back in order to meet expenses and unanticipated expenses. |
| TAXES: | Money paid to the government by persons or businesses, based on income and profits. |
| UNDER-CAPITALIZE: | Inadequate money/finance for a business. |

IN CONCLUSION, ASK YOURSELF:

- Are you a risk taker?
- Would you rather work for yourself than someone else?
- Are you a self-starter?
- Are you willing to work long hours?
- Are you willing to make sacrifices socially and personally?
- Do you feel that you could make or sell a better product?
- Do you believe in yourself?
- Do you like to make money?

Nobody said that it would be easy! The rewards many times outweigh the initial outlay; but hard work will always be needed in order to survive and grow.