

Prenatal Care for Your Small Business

by Bruce A. Love

A business goes through various phases throughout its life. Businesses are conceived, born, grow, and die. We refer to this process as the business life cycle. Many people conceive of a product or service, and are interested in bringing their "baby" into the business world. It is important for these ideas to receive the proper care prior to entering the marketplace in order to ensure a healthy and profitable future. This article highlights some preliminary steps and resources that I recommend to hopeful "parents" of small businesses.

*P*assion and commitment should be prerequisites for conceiving a small business. Enthusiasm for your product and service can go a long way when selling its benefits to customers, convincing potential loan sources of your abilities, and strengthening your conviction to be your own boss. Passion and dedication by themselves, however, are rarely sufficient to make a business succeed. Knowledge and business experience are also of great importance. Knowledge about your product and its market is obviously essential, but knowledge with respect to running a business is equally important. Your expertise in each of these areas will be enhanced as you develop something called a business plan. The business plan has many valuable uses. Your first use of this document will be as an indicator for the probability of success. Not all ideas will go to term. Since the plan will require careful examination of your product, its market, and its potential revenues and expenses, you will gain a solid understanding of what kind of cash flows to expect, what additional funds are required, and whether the venture is even viable. Once you open for business, you will use the plan as a guide for running your newborn business. Another reason to develop a business plan is that investors will not lend you money for your unborn

business without a formal plan demonstrating the feasibility of your business ideas, and your ability to manage a business.

A lot of research is necessary to develop a useful business plan, but the effort will be worthwhile. Even if the plan indicates that the business may not be practical, you will have saved yourself a lot of time and money, and learned what is necessary to start and run a business. Begin your research by requesting the "Entrepreneur's Guide" from the Pennsylvania Center for Entrepreneurial Assistance (717) 783-5700. You can also download the guide from their website (www.inventpa.com) or pick up a copy from your state legislator's office. The Small Business Administration is another great resource. You will be able to download all sorts of information about starting and running a business from their website (www.sba.gov) including guides for writing your business plan.

*T*he IRS also has very some useful, free information regarding federal tax laws and regulations for business. Call 1-800-TAX-FORM (or visit www.irs.gov) and request "The Tax Guide for Small Business" (publication 334). The friendly folks at the IRS have a vested interest in making your small business work (the more you make, the more they make) and will be very willing to assist you.

*I*t is exciting, though somewhat scary, to be the expectant parent of a new business. Make the most of this time by learning as much as you can about the whole process. By becoming informed you can increase the likelihood of being a successful "parent."

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