

# **CONTROLLING YOUR NEW BUSINESS**

Evaluating The Business Tools You Need



# Overview

## Evaluate Tool Needs For New or Existing Businesses

**Some thoughts about the tools needed to help make your business a success**

- **There are some legal requirements to address like:**
  - ✓ **Tax Reporting and Filing**
  - ✓ **Audits**
  - ✓ **Licenses**
- **Business needs**
  - ✓ **Control of Inventory**
  - ✓ **Financial Accounting**
- **What Tools Are Best For My Business**
  - ✓ **Manual Records May Be Adequate**
  - ✓ **Electronic Methods Available**

# Who will be my customers?

Your customer base and your marketing strategy will both affect what you implement with particular technology strategies to support your business.

- **Customer and Market Geographic Locations:**

- Local
- State
- US
- International

- **Customer ages**

- All ages
- Product for specific ages

- **Type of business**

- Perishable vs non-perishable products?
- High inventory turnover?
- High vs low dollar inventory?
- Liability risks?
- ETC

# What do I need to consider for business tools?

- **At the beginning**
  - Simple book keeping and inventory records may be adequate
  - Office supply stores carry paper products to satisfy requirements
  - Get a good accountant to help define what you need
- **Planning for business growth**
  - Manual paper control documents may be adequate if it meets your needs and your comfort level. People have been using this approach for lots of years.
  - High product turn over and/or high inventory may show a need to lower manual record keeping effort and increase accuracy
  - Computer systems range from simple to complex networks
    - Costs are low for a simple system and goes up with complexity
    - Need to have some basic skills to use computer systems and you need to feel comfortable with it.
    - 97% of college students have basic computer skills
    - Any computer or computer network requires some maintenance. Plan for it.

# What do I need to consider for business tools?

- **Planning for business growth (Continued)**
  - **Software programs - *Cost ranges from free to full price***
    - **Financial Programs – Bookkeeping, Inventory, Salaries**
    - **General Office Programs – Word Processing, Spread Sheets, Data Bases**
    - **Safeguarding your data – Determine routine method of protecting and saving critical information**
  - **Websites**
    - **Choosing a Website Developer – May be you or someone you hire**
    - **Developing the Website – Write down what you really need and how you will use it.**
    - **Selling Over the Website – Tools available to take orders and bill customers**
    - **How Can I Get People to Find My Website? – Understand how your site gets up the list by search words, number of hits, etc.**

# Sample Action Plan Based on Business Success

SAMPLE ACTION PLAN BASED ON BUSINESS SUCCESS			
GROSS INCOME	NET AFTER TAX	ACTION	COMMENTS
\$0.00	\$0.00	<ul style="list-style-type: none"> <li>◆ Research market and devise a plan</li> <li>◆ Write a Business Plan</li> <li>◆ Determine financing availability</li> <li>◆ Securing financing</li> <li>◆ Is business viable?</li> </ul>	Start up planning
\$0.00	\$0.00	<ul style="list-style-type: none"> <li>◆ Review all aspects of planning and business plan</li> </ul>	If business success is indicated, start implementing the business plan.
\$0.00	\$0.00	<ul style="list-style-type: none"> <li>◆ Buy or lease facilities</li> <li>◆ Procure hard assets</li> <li>◆ Select vendors</li> <li>◆ Start advertising program</li> <li>◆ Order inventory</li> <li>◆ Open the doors</li> </ul>	Open business
Some income	None	<ul style="list-style-type: none"> <li>◆ Evaluate that business is on plan</li> <li>◆ Define problem areas</li> <li>◆ Is capital level acceptable to make a profitable business?</li> </ul>	If business if above or below plan, determine fall back position and, if necessary revise business plan.
Some income	None or loss	<ul style="list-style-type: none"> <li>◆ Iterate above step each month</li> </ul>	If funding is such that continued losses are evident, determine whether exit strategy is appropriate to consider.
Income increasing	Realizing some profit	<ul style="list-style-type: none"> <li>◆ Evaluate ways to make business more efficient with more profit.</li> </ul>	
\$80,000 to \$250,000	Profit increasing	<ul style="list-style-type: none"> <li>◆ Using more technology tools could be considered.</li> <li>◆ Update business plan</li> </ul>	Varies with what business is and how complicated.
> \$250,000	Profit margins adequate to make business viable	<ul style="list-style-type: none"> <li>◆ Consider hiring additional employees.</li> <li>◆ Evaluate adequacy of facilities.</li> <li>◆ Consider expending marketing area and product line</li> <li>◆ Update business plan</li> </ul>	Seriously look at long term goals and define life of business with eventual exit plan.