

# **HOW TO START A SMALL BUSINESS AND MAKE IT A SUCCESS**

# **ABOUT MAKE A WAY MINISTRIES**

- National Financial Counseling Ministry
- Founded in 1987
- Non Profit 501 (c)(3)
- A+ Rating at Better Business Bureau
- Mission: Helping families overcome financial limitations
- Tens of thousands of families helped across the country
- Relocated to Granbury Texas in September 2012
- Telephones: (817) 533-9499 • (800) 357-4223

# DISADVANTAGES OF BIG EMPLOYERS

- They corrupt personal priorities
- They cause dependency
- They cause loss of autonomy
- They determine personal potential subjectively
- They impose corporate values
- They create a political work environment

## NOTES

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## **PART ONE**

# **CHANGING THE FUNDAMENTALS**





# HOW TO ACHIEVE FINANCIAL VICTORY

- Change the way you think
- Change what you are doing
- Take responsibility for your life
- Take control of your life
- Stay out of unsecured debt
- Seek first the Kingdom of God

## NOTES

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## **PART TWO**

# **GUIDELINES FOR A NEW START UP**

# WHY START YOUR OWN BUSINESS

## NOTES

Independence

Greater Challenge and Enjoyment

Development of a Better Testimony

No External Restrictions

Estate Creation

Schedule Flexibility

Tax Optimization

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# TAX OPTIMIZATION EXAMPLE

## NOTES

	<u>Employee Only</u>	<u>Small Business Owner (DBA)</u>
<b>Revenue:</b>		
Salary from W-2 Employer	\$30,000	30,000
Income from Own Business (Small Business assumed to break even)	- 0 -	- 0 -
<b>Business Deductions:</b>		
Business Trips (vacation)	- 0 -	2,000
Children on Payroll	- 0 -	4,000
Automobile	- 0 -	4,000
Office in Home	- 0 -	3,000
Entertainment (one-half)	- 0 -	2,000
Purchase of Equipment	- 0 -	5,000
Miscellaneous	- 0 -	2,000
<b>Adjusted Gross Income:</b>	<b>\$30,000</b>	<b>8,000</b>
<b>Federal Taxes:</b>		
Income Taxes	2,800	- 0 -
Social Security	2,250	1,200
<b>Total Taxes Paid</b>	<b>5,050</b>	<b>1,200</b>

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# LEGAL REQUIREMENTS

- Check on name availability with Texas Secretary of State
- Register name with Texas Secretary of State
- File “Assumed Name” certificate with domicile county
- Apply for Employee Identification Number (EIN) with IRS
- Register with Texas Comptroller for Sales Tax collection
- Register with Attorney General of Texas to hire employees
- Obtain local licenses, permits and zoning clearance

## NOTES

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# CHECK LIST FOR A NEW BUSINESS START UP

## NOTES

1. Purchase a computer and know the basics
2. Read the book "Employee to Employer in 90 Days" in its entirety
3. Come up with a clever idea
4. Make an Internet study to find your particular niche
5. Come up with a clever name and register it with Secretary of State
6. Open a separate company bank account
7. Prepare a basic Business Plan on paper
8. Prepare a Capitalization Plan and set aside your start up money
9. Understand how to interpret the two basic financial statements
10. Develop a low cost website
11. Take a Quick Books instruction course and open an account for QB Online
12. Make your first sale and record it yourself in Quick Books

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# TEN MOST IMPORTANT OBSTACLES TO A SUCCESSFUL START UP

## NOTES

1. Lack of administrative knowledge
2. Poor choice of the initial product or service
3. Inadequate start up capital
4. Too much invested in non-critical assets
5. Wrong location
6. Lack of customer attraction knowledge
7. Failed to contact essential business professionals
8. Poor choice of business type
9. Lack of knowledge about the initial produce or service
10. Insufficient prior planning and investigation

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## **PART THREE**

# **GUIDELINES FOR ACHIEVING BUSINESS SUCCESS**

# KEY REQUIREMENTS FOR ACHIEVING A SUCCESSFUL BUSINESS

- Study continuously, especially about finances
- Create a TEAM of professional experts
- Put yourself on a fixed salary
- Stay out of personal indebtedness
- Develop key employees but avoid partnerships
- Monitor the marketplace continuously, especially competitors
- Focus on fewer things instead of using the shotgun approach
- Become familiar with social media marketing and use it
- Plan expenditures ahead of time and create reserves
- Start a blog or vlog and become an “expert” in your niche

## NOTES

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# TEN MOST IMPORTANT OBSTACLES TO RUNNING A SUCCESSFUL BUSINESS

## NOTES

1. Failure to perform planning including setting targets and goals
2. Insufficient financial and records keeping knowledge
3. Inadequate investment in inventory and/or payroll
4. Poor credit granting practices
5. Emotional pricing practices lacking competitive and cost analyses
6. Excessive cash draws for personal living expenses
7. Growth and expansion outpaced capital availability
8. Ineffective advertising investment
9. Lack of long-term capitalization
10. Delinquent tax payments

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**PART FOUR**

**ESSENTIAL OPERATING ISSUES**

# ACTIVITIES THAT REQUIRE ONGOING ATTENTION

## NOTES

- Accounting always current on a monthly basis
- Monthly financial statements
- Annual Business Plans continuously under review
- Anticipation of all future payments
- Efficient management of all set aside reserves
- Avoid indebtedness that can't be covered by Current Assets until you have a mature company
- Carry adequate liability insurance
- ALWAYS look for ways to reduce operating costs
- Let God run your business

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**THE END**