



# So You Want to Be an Entrepreneur?

**NANCY PASSOW,**  
NRP ASSOCIATES, INC.

*Thinking of going into business for yourself?  
These tips will help you get started.*

In this age of downsizings, mergers and acquisitions, new career options are needed. One career alternative to consider is starting your own business.

Here are some things to think about and questions to ask yourself before you decide to be an entrepreneur, and some guidance that will help you establish your business. The article first looks at characteristics of an entrepreneur, as well as the pros and cons of running your own business. Next, it covers some of the initial steps involved in starting a business, including the paperwork and the physical necessities. It then discusses two important road maps for entrepreneurs — a business plan and a marketing plan. Finally, it lists some resources, both online and printed.

This should be considered only an introduction to the requirements for setting up a business. Particularly for the tax and legal issues, appropriate experts must be consulted.

## **Do you have what it takes?**

Certain skills and characteristics are necessary to be a good entrepreneur. An entrepreneur is considered a “practical visionary.” You need to have dreams and visions for your business, but you also need to be able to translate these visions into practical applications. As you decide on your business, develop a vision statement, a values statement and a mission statement.

The vision statement describes your vision or dream of what your business is going to be. Imagine that your business is successful — what will it look like? The values statement is the code of ethics for your business, based on your values and beliefs. The mission statement describes what your business

does, its reason for being and its objectives. These three statements together provide the basis for your business. You should revisit them periodically to make sure your business is still following them. If there is a difference, you must decide what needs to be changed — your business or your statements.

Communication skills are very important. Letters, proposals and reports will be a part of your daily business. Speaking and listening skills, whether one-on-one or with groups, are also very necessary. An entrepreneur must be a leader, a negotiator and a team builder. Networking is another important skill — this is where new business, as well as your support services, will come from.

As an entrepreneur, you must have high self-esteem — no one is going to tell you “job well-done” except you. You must be willing to be a risk taker — can you live without a steady paycheck? Do you have some financial resources to fall back on until your new business makes a profit? Do you have the support of your family or close friends?

Some of the pros and cons of being an entrepreneur are listed in Table 1.

## **The first steps in setting up your business**

The first thing to decide is what type of business you want. The options include manufacturing, consulting and other services, and retail. Do you want to buy a franchise, buy an existing business or start from scratch? What is your area of strength? What do you like to do? Do you want to continue doing what you did in the corporate world? Or do you want to do something completely different? Do you have any hobbies or interests that are marketable? These are some

**Table 1. The pros and cons of being an entrepreneur.**

Pros	Cons
Freedom	Responsibilities
Flexible hours	Long hours
Creativity	Hard work
Reward	Risk
Potentially higher income	Uncertain cash flow
Working at home	Isolation
Independence	No benefits (medical, dental, insurance, etc.)
No corporate bureaucracy	Local, state, federal regulations

**Table 2. Typical business plan outline.**

I.	Cover Page and Table of Contents
II.	Executive Summary
III.	Company <ul style="list-style-type: none"> <li>A. Business Description</li> <li>B. Business Goals</li> <li>C. Management</li> </ul>
IV.	Market Analysis
V.	Services or Products
VI.	Marketing Plan
VII.	Manufacturing process (if applicable)
VIII.	Financial Data
IX.	Appendices

of the many questions to ask yourself before deciding on your business. Books such as “What Color is Your Parachute?” (1) and “Do What You Love, The Money Will Follow” (2) can help you decide what you want to do.

After you’ve picked a business, you need to do some research. Is there a need for your business? What niche can your business fill? Is the location that you’re thinking of already saturated with this type of business or is there room for one more? What can you charge for your service or product?

Once you know what your business is going to do, you must decide what form the business will take: sole proprietorship, partnership or corporation. The kind of business and your potential legal and tax liabilities must be considered. Both a lawyer and an accountant should be consulted before you finalize this decision.

The least complex business form is the sole proprietorship. One individual owns the business, although employees can be hired. Usually this would be a service business. Taxes for a sole proprietorship are fairly simple — business income and expenses are reported on Schedule C of your personal income tax return. The main disadvantage of a sole proprietorship is potential legal liability — the owner is personally liable for the business’s debts or any other problems.

A partnership, as the name implies, has two or more owners. This is similar to a sole proprietorship, particularly for the tax and liability issues (the partnership files a tax return, but the share of actual income and loss is reported on each partner’s personal tax return). The actual relationship must be defined in a written partnership agreement. Professional groups, such as accountants, attorneys and doctors, often use the limited-liability company (LLC) form of a partnership (it offers the limited liability aspects of a corporation, but is taxed as a partnership).

Incorporating your business provides a certain amount of legal protection. It also lends some credibility to the business, which is particularly helpful when you are looking for financing or trying to do business with larger companies. From a tax standpoint, it is more complex. For a small, start-up business, it is possible to obtain status as an S-corporation, which makes the tax situation less onerous.

Your business needs a name. If doing business under a name other than your own, you must file for a fictitious busi-

ness name or DBA (doing business as) after doing a search to make sure the name isn’t already taken.

To keep your personal and professional finances separate, set up a business checking account. Particularly for a small business, it’s still possible to have a simple business account with no (or minimal) fees involved.

Decide where your business will be located. Can you work from home? Are there local or state zoning requirements that must be met? If you are setting up a manufacturing business, there are many other legal requirements to be followed.

When you are running your own business, you no longer have the luxury of those corporate departments to help get things done. (And complaining that if you wanted to be an accountant, you would have become one doesn’t do any good!) You have responsibility for financial management, human resources, administration and office management, legal counsel, marketing and sales, public relations and planning. Suddenly you are the mail boy, the maintenance staff, and, when Secretary’s Day comes around, you may take yourself to lunch. Obviously you don’t have to be an expert in all of these areas — there are other entrepreneurs out there who specialize in working with small and start-up businesses who can help you.

Another important need is insurance. You should consider insurance for health, life, disability, professional liability and office equipment. If you will be involved in manufacturing or retail, additional types of insurance will also be necessary. One source for many of these insurance programs, at group rates, is AICHe ([www.aicheinsurance.com](http://www.aicheinsurance.com) and [www.aiche.org/membership/liability](http://www.aiche.org/membership/liability)).

### Physical necessities

You need a place to conduct your business. This will vary depending on the type of business. When you’re first starting up, in order to keep overhead costs down, it is nice to work from home. (Actually, it’s nice to work from home at any time for many reasons, such as no commute, flexible hours, no need to get dressed up, etc.) Try to make an office space, with a desk, bookshelves and filing cabinets. Before spending a lot of money on these items, check your area for sellers of used office furniture.

A computer and printer, as well as a variety of software programs and an Internet connection, are essential. Software

should include word processing (e.g., WordPerfect or Word), spreadsheet (e.g., Excel or Lotus), presentation (e.g., PowerPoint), and accounting (e.g., Quicken, Quick Books or Peachtree). A separate phone line is useful, but not necessary (be careful of who answers the phone during business hours, however!), and you need an answering machine or voice-mail. A fax machine is also very helpful — a combination phone/fax works well, and it can also be used to make copies.

You will also need business cards and stationery, and possibly brochures or other printed matter. It is easy to make your own using the various paper stock available at business supply stores, simple desktop-publishing programs (both Word and WordPerfect have templates) and a color printer. A good color printer doesn't cost a lot, but can produce very professional looking documents. One of the advantages to printing your own supplies is that you can experiment and change them as you finalize your plans or even create a variety of items aimed at different audiences.

### Business and marketing plans

A business plan serves two important functions. It helps you organize your business ideas and put them down on paper, in effect creating a road map for your business. And, it provides the information you need in order to get financial support. The outline for a typical business plan is shown in Table 2.

You will use the business plan to “sell” your business to potential backers. Even if you're not planning to seek outside financial backing, a business plan is still very important to help keep you on track.

A marketing plan is a very important, but often neglected, part of your business. Where are your customers going to come from? How are you going to let the world know that you exist? How are you going to ensure repeat business? This is all part of a marketing plan.

Marketing is everything you do to promote your business. Marketing is not the same as sales — marketing is done to a wide audience, whereas sales is sitting down with an individual client. Advertising and public relations are only a small part of marketing. Customer service is also part of your marketing process. Marketing includes your logo and your business image. Your marketing plan outlines what you want to do (goals and objectives), how you are going to do it (strategy), and how you will know it is successful (review and analysis).

### Remember to enjoy and maintain balance

The last thing to remember as you develop your business is to *enjoy* it! Part of the reason you've chosen to be your own boss is to have fun. Don't forget that.

You will experience stress, disappointment and frustration as you start and grow your business. Remember to take time for yourself. Whether it's working out at the gym or taking a trip or reading a book, you need to find ways to separate yourself from your business and to relax.

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### Literature Cited

1. **Bolles, R. N.**, “What Color Is Your Parachute?,” 2001 Edition, Ten Speed Press, Berkeley, CA, pp. 149–157 (Starting Your Own Business) (2001).
2. **Sineta, M.**, “Do What You Love, The Money Will Follow,” Dell, New York, NY (1989).

### Further Reading

There are many books available about starting and running small businesses. Spend some time browsing at your local bookstore or library to see what is there before you spend a lot of money.

- Kishel, G. and P. G. Kishel**, “How to Start and Run a Successful Consulting Business,” John Wiley & Sons, Inc., New York, NY (1996).
- Levinson, J. C.**, “Guerrilla Marketing: Secrets for Making Big Profits from Your Small Business,” 3rd ed., Houghton Mifflin Co., New York, NY (1998).
- Levoy, G.**, “Callings: Finding and Following an Authentic Life,” Three Rivers Press, New York, NY (1998).
- Lewin, M. D.**, “The Overnight Consultant,” John Wiley & Sons, Inc., New York, NY (1995).
- Sineta, M.**, “To Build the Life You Want, Create the Work You Love,” St. Martin's Griffin, New York, NY (1995).
- Zoble, A.**, “The Do-able Marketing Plan: Six Steps to an Improved Bottom Line,” Adrienne Zoble Associates, Inc., Fort Collins, CO, [www.azobleassoc.com](http://www.azobleassoc.com); an online newsletter is also available (no date).

### Websites (and More) of Interest

- Entrepreneur Magazine's Small Business Square:** [www.entrepreneur-mag.com](http://www.entrepreneur-mag.com) — Lists of home-based businesses, start-up ideas, how to raise money, shoestring startups, small business myths, a franchise and business opportunity site-seeing guide, and more.
- Inc. Magazine's Online Guide to the Internet:** [www.inc.com/internet](http://www.inc.com/internet) — Designed for small businesses and those who are self-employed; includes sections on getting started, marketing, customer service, etc.
- U.S. Internal Revenue Service:** [www.irs.gov](http://www.irs.gov) — Obtain tax information specific to small and start-up businesses.
- SCORE (Service Corps of Retired Executives):** [www.score.org](http://www.score.org) — SCORE is a group of retired executives who will help you with your business, both online and in person.
- U.S. Small Business Administration:** [www.sba.gov](http://www.sba.gov) — The Small Business Administration supplies very useful information both online and in person; locations of local offices are given on the website; an entire section is devoted to starting a business.

**NANCY R. PASSOW** is president of NRP Associates, Inc., (Englewood, NJ); Phone: (201) 541-9702; E-mail: [nrpassoc@hotmail.com](mailto:nrpassoc@hotmail.com), a consulting firm focusing on technical communications for a nontechnical world. She has over 25 years of experience in the chemical industry. She has given seminars and workshops to such organizations as the American Chemistry Council (ACC) and the Synthetic Organic Chemical Manufacturers Association (SOCMA). Among her publications are articles in *CEP*, *Chemical Engineering* and “The Kirk-Othmer Encyclopedia of Chemical Technology.” She has a BS in chemical engineering from Columbia Univ. and an MS in environmental engineering from Manhattan College. She is a member of AIChE, Society of Women Engineers and the New Jersey Association of Women Business Owners.