

Should We Start A New Business?

In support of the Improving Financial Awareness & Financial Literacy Movement built around the strategic campaign venues of

- Financial Literacy Month (April)
- Estate & Gift Planning Awareness Month (October)

This article contains a very important message

Today, many people are in the situation of having higher financial goals than their current wealth and income will support. However, few people seem to realize this early enough to do something about it. You now are in a position to evaluate your financial goals, lifestyle, family commitments, career and business opportunities. Starting a business can be a real dream come true, or a disastrous nightmare for you.

Before starting a business, consider some of the following advantages and disadvantages of heading down this path.

ADVANTAGES

- Control** — As an employee of a large corporation, you answer to at least one and perhaps several bosses. You bow to their commands and answer to their whims. As owner of your own business, you're in control. You determine the hours that you work and how that work is to be done. So, if you need to pick up your child at the airport or if you want to play golf or go shopping, you don't have to ask for anyone else's permission.
- Sense of Accomplishment** — It is a great feeling to have created something successful from scratch.
- Happiness** — By choosing a business you enjoy, you will spend your work hours fulfilling your own wishes, doing what you want to do.



CHECKLIST FOR STARTING A BUSINESS

- 1. Discuss with family and financial advisers (CPA, attorney, Banker, Financial Coach, etc.) the idea of starting your business.
- 2. Talk to other people who started their own business to learn from them.
- 3. Investigate costs, tax implications, financial needs, budgets, liabilities, time commitments, financial risks and exposures.
- 4. Research the marketability of your business idea.
- 5. Can you make enough money to make it worth your time and investment?
- 6. Develop a written business plan.
- 7. Determine if the "pros" of starting a business outweigh the "cons" for you personally.

TODAY'S THOUGHT

"Empty pockets never held anyone back. Only empty heads and empty hearts can do that."

--Norman Vincent Peale

- Job Security** — No matter the size of the corporation or how seemingly stable it is, employees are vulnerable to being laid off at any time. Companies merge, move or just decide to downsize. Regardless of how well you perform, a corporate decision made in some far-off headquarters could seal your fate.

If you own your own business, your success or failure will rest on your shoulders. You and you alone will decide whether the business will continue and what your role will be. You will not have to worry about someone unexpectedly tapping you on the shoulder and telling you to pack your bags. But if you get sick, you may be out of business just as quickly.

- Profit Potential** — It's hard to get rich working for someone else. No matter how hard you work, it's unlikely you will be fully compensated for the value you add to the company.

By running your own business, you decide what to do with your profits. You can take them out and spend them, take them out and reinvest them into other ventures, or reinvest them into your business. You decide. If you build a successful enterprise, there is no limit on how wealthy you can become. Many of today's billionaires gained their wealth by starting their own business.

- More Family Time** — With your own business, you can hire anybody you want, including your spouse and children. Even if they're not part of the business, if you work at home, you can still see them more often than you would if you worked at a distant office.

This may be a disadvantage as well as an advantage. Not everyone has the temperament to be an entrepreneur or an entrepreneur's spouse. Misalignment here can cause serious domestic challenges.

- Tax Breaks** — Running your own business can be an excellent tax shelter. Many home office, travel, auto, health care and entertainment expenses are tax-deductible. If properly structured and documented, much of your lifestyle can become tax-deductible business work and expensed as such.



DISADVANTAGES

- Financial Strain** — Unless you're independently wealthy or have some rich relatives or friends who are generous with their money, it's likely that you will have to invest substantial sums of money in the enterprise or go into debt. And there's no guarantee you'll get the money back or be able to pay off any loans.
- Long Hours** — When you first start a business, you may need to put in a lot of hours. Until the business is up and running and you can hire more people, you'll be handling everything yourself — from the big things, like accounting, buying the right kind of insurance, marketing and dealing with customers, to the minutiae, like taking out the trash and acquiring supplies.
- Stress** — When your livelihood depends entirely on your own decisions, you will frequently feel the strain of uncertainty. Stress seems to be a constant in today's working environment. At least as your own boss, you'll have the freedom to take breaks on days when you're feeling too much pressure.
- Possibility of Failure** — There are no guarantees with any business. You may devote months or years to building the business, only to find it's not working.
- Loneliness** — When you have your own business, you won't be working with scores of fellow employees -- no water cooler chats, company softball games or weekly meetings. There are solutions to this, however: Network on a routine basis. Schedule breakfasts and lunches with centers of influence, existing

RESOURCE CENTER

- ◆ <http://money.howstuffworks.com/starting-a-business.htm>
- ◆ www.sba.gov/content/follow-these-steps-starting-business
- ◆ www.irs.gov/businesses/small/index.html
- ◆ www.entrepreneur.com
- ◆ www.businesstown.com
- ◆ www.powerhomebiz.com
- ◆ www.eloan.com

customers, potential customers, other business owners and friends. Join professional and industry organizations.

- No Employment Benefits** — If you work for a big company, you're probably eligible for relatively inexpensive health insurance, life insurance benefits, a 401(k) plan and other perks. Health insurance can be very expensive for small companies. And the other benefits would have to come out of your own pocket.

On the other hand, many of the benefits you pay yourself will be fully or partially tax-deductible. And there are retirement plans available for small businesses that can include or take the place of big company plans.

Starting and running a business is not for everyone. However, a properly structured, well-thought-out and planned enterprise — with some good luck — can be an excellent opportunity for generating a large income and building serious wealth. If you decide to go this path, be sure to do your homework first. Starting a business is not a sure thing, but it has many great possibilities.

If you would like to receive a complimentary digital copy of the Your *financial* PARTNER Detailed Business Plan Outline and associated article in PDF file format, -click here

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