

First Steps to Starting a Business

By Tim Knox

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Online Entrepreneur Q&A
by Tim Knox
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Q: I'm ready to start my business. What do I do now?

A: OK, you've got your business idea. You're fired up--ready to quit the rat race and be your own boss. What do you do now?

The first thing you need to do is decide on the goals for your business. What do you personally want to get out of it? How many hours do you want to work? How many employees do you want to have? How much money do you want to make? The idea here is to get as clear a vision as possible of what your business will look like when it is established so you'll know what needs to be done to get there.

Next, do the math. So many people - including me - have learned the hard way that the business they created is not capable of meeting the goals they set for themselves. To help avoid this problem, do some market research to determine how much you'll be able to charge for your product or service and what volume you'll be able to sell.

Think about how many hours you'll be able to work in a day and get a rough idea of the maximum amount you could make. Once you have rough estimates for those figures, you can decide if the money you could make or the time you need to put in will be worth the effort. You'd be surprised at how many people spend years working in a business that is just not capable of becoming what they hoped it would, even if everything went perfectly.

Many new entrepreneurs think success is all about developing a great product or service, but actually it's all about selling it. Before you spend tons of time and money developing your product, make a prototype or develop a clear and concise description of what it will be, and do some market

research.

Figure out who your prospective customers will be, and go talk to them! Ask questions. Find out what they'll pay for your product or service. Consider their feedback and modify your design accordingly. Look at other companies that are selling similar products or services. Find out what they charge, how they market and what their competitive advantage is. Go into their stores and watch their customers. Find out what they are doing and why, and how customers respond.

Once you think you have a clear understanding of what the market wants, then move ahead with your product or develop your service.

You'll also need to decide what kind of company structure will best fit your plans (S Corp., LLC, sole proprietorship and so on). That's fodder for a column all by itself. There are plenty of places where you can research this topic to determine what's best for your company.

If possible, work out of your home for awhile or rent the minimum space and equipment necessary to run your business. It's important to keep your overhead as low as possible, at least until things start to take off. Resist the temptation to rent a nice office and fill it with furniture and equipment. I used to think that was impressive, but I came to realize it was just expensive.

From the start, it's critical that you communicate a consistent message to potential customers. Start with the following:

- * Business cards. Get plenty of them and hand them out at every opportunity. Leave them on tables at restaurants, post them on bulletin boards, and shove one into the hand of everyone you meet.

- * A professional looking website. I always recommend that you get professional help with your website. You don't have to break the bank to get a professional website up and running. There are many freelance designers who will design a professional looking website for under \$500 to \$1,000. You can do it yourself to save money, but I recommend you spend time doing so only if you know what you're doing and it doesn't take you away from other, more important business tasks you should be working on. If you are in the business of building websites, build it yourself, but if your business is selling insurance you are costing yourself money trying to act like a website designer.

- * A simple one-page flier or brochure. Create something that explains clearly what you offer and why someone should buy it from you. Customers want information to help them make buying decisions, and often just knowing what you sell will get them to buy from you. It's very hard to figure out what some businesses are selling or why you would want to buy from them--don't let this be your problem.

Starting a new business is scary, exhilarating, challenging and at times downright confusing. It's easy to get overwhelmed by the huge number of tasks in front of you. When you get in that state, step back and think, "What can I do today that will get my message in front of my customers?"

If you're thinking about this all the time, the other details will fall into place.

Here's to your success!

Tim Knox

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Online Entrepreneur Q&A is written by veteran entrepreneur and OnlineProfits4U.com founder, Tim

Knox. Tim serves as the president and CEO of three successful technology companies: B2Secure Inc., a Web-based hiring management software company; Digital Graphiti Inc., a software development company; and Sidebar Systems, a company that creates-cutting edge convergence software for broadcast media outlets.

Tim is also the Ebusiness Startup and Design Expert for Entrepreneur.com, the website of the national publication Entrepreneur Magazine. As if that wasn't enough to keep him busy, Tim also writes the weekly newspaper column "Small Business Q&A" which focuses on small business startup and success.

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