

Name: _____

Starting a Business

Content Standard:

12.2.3 --Explain the roles of property rights, competition, and profit in a market economy.

12.2.8--Explain the role of profit as the incentive to entrepreneurs in a market economy.

Common Core:

RH.7; WHST.2

Background: You and your partner(s) have just graduated high school and would like to open a business. This business will be your primary source of income. You must decide what type of business to open. (Must be legal in Los Angeles County and not violate any state/federal laws)

Task: Once you have decided what type of business to open, you must create a business plan to submit to the bank/investors (5-6 pages). You must also create a PowerPoint presentation of your business to present to the class.

Step 1: Choosing Your Business Idea

Ask yourself if there is something that you really like or enjoy doing. Take into consideration if this kind of business is going to fit well with your lifestyle, family and finances.

To succeed as a new small business owner, you do not necessarily need to invent something new or create something unique. You can find an unfilled service or commodity in your community and look for a business that fills this vacancy.

Essential Questions:

- What am I interested in?
- What skills do I have that I can use in this business?
- Do I see an opportunity in the market in my community or communities that I can fill with the business I have in mind?

Step 2: Creating Your Business Plan

You must develop a business plan. A business plan is like a road map for your business and its projections for the next 3-5 years. This plan doesn't need to be a scientific research. It can be simple and flexible. Listed below are items to put in your business plan:

- a. **Executive Summary:** This will include a general overview of what you want your company to be and along with your business goals.
- b. **Company Description:** Include information about what your business will do and who will be the clientele that your business will serve. Include what makes your business different or better than the existing ones (if there are other businesses like yours in that area).

- c. **Market Analysis:** Research your business market, competitors, and trends for the local business industry. Decide what will be the size of your company, who will be your target clientele to serve, and the demographics or characteristics along with the characteristics of your competitors in the market. You can access information and data about markets and specific industries by accessing the website of the Economic and Statistic Administration, US Department of Commerce at www.esa.doc.gov
- d. **Organization and Management:** You must find out what will be the best organizational and management model for you and your business. Who does what in your business? What will be the composition of your business team and what will be their functions and responsibilities.
- e. **Service or Product Line:** Are you going to sell a product or a service? What will be the benefit for your customers?
- f. **Marketing and Sales:** How are you going to drive the sales in your business and keep your customer loyal? What will be your sales strategy? How are you going to advertise your business?
- g. **Funding Request:** Do you have enough funding to start your business or are you going to seek other funding venues such as loans, private investment money, or partnerships? You may need to calculate the cost of starting your own business. This may include the expenses for starting up until you start to generate your own capital and also your assets such as property, equipment, furniture, and inventory.
- h. **Financial Projections:** If you are going to seek any loans, most creditors are going to ask you to supply prospective financial data in which you will present what you expect your business to do in the next 3- 5 years.
- i. **Appendix:** This appendix can have items such as your certifications in your business specific area, credit history, resumes, letters of reference, and any additional information that a lender or creditor may request of you.