



## Starting a Business Requires Passion, Research and a Plan

*By Jennifer Craig, Regional Manager, WESST Las Cruces*

Lenders often find themselves counseling people who are tired of working for others and eager to put their talents and energies into a business of their own. While someone with an entrepreneurial spirit can launch a successful venture even in an unstable economy, he's more likely to appear serious to a potential lender or investor if he possesses — besides passion and ambition — a business plan and a grasp of the market based on thorough, objective research. He'll need money to get the endeavor going, and business acumen can minimize rookie errors.

**Research:** Vision and energy are the engines of any successful business, but sober, clear-eyed research into the market and the entrepreneur's own skills and abilities are equally important. An aspiring businesswoman needs to evaluate whether she has the experience and enthusiasm to make a go of it and where she can turn for support when her own resources are exhausted. Many businesses start at home to keep overhead costs low, but the entrepreneur needs to evaluate how much money she'll need to earn or raise elsewhere to pay bills while getting her project off the ground. Equally important is market research into what customers really need, who else is attempting to meet that need and how she'll reach those customers.

**Plan:** A business plan acts as a road map to keep the entrepreneur on track, and it's essential if he hopes to attract investors. The plan should detail how much money the business needs to get started and to survive its first year of operation, when revenues are often low. The plan should include what supplies, equipment, space, personnel and furniture the business needs to operate. Conservative financial projections will keep expectations realistic. And the budding businessman needs to decide how much of his own money he can risk on the business and how much he might need to borrow. A lender will want to know what collateral he has to cover the loan and what kind of credit history he has.

**Business structure:** Every business needs a structure for management and operations. The businesswoman should decide who will do what jobs and how these people will report back to her or an intermediate manager. She needs to know what constitutes customer service and how to provide it. Someone needs to manage the business's books and establish a routine for handling receipts and invoices. No matter how large or small the business, it needs to keep track of revenues and expenses, finding new customers or products and maintaining the office or plant.

There's no shame in an individual deciding, after an honest appraisal of his strengths and weaknesses, that he doesn't have the skills or means to run a business and that his circumstances

aren't as bad as he imagined. But it's just as likely that this evaluation can inspire him to get the education or skills he needs to realize his entrepreneurial ambitions in the future, when he's more prepared.

WESST offers workshops on business planning and other aspects of starting or running a business. Visit [www.wesst.org](http://www.wesst.org) to learn more.

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