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Owning a Business without Being on Your Own

By Roberta Scott, Director, New Mexico Small Business Development Center at UNM-Valencia

Now might seem a risky time to start a business, but there may be good reasons to do so. Prospective business owners might be among the millions who have lost jobs as a direct result of the faltering economy and see little hope of finding another job anytime soon. They might be retirees eager to supplement their incomes or people with novel ideas or products they believe can find buyers even in today's market.

Whatever the impetus, no one starts a business to lose money or to fail.

Be prepared!

Opening a new business can be exciting and stimulating at the same time it's frustrating and frightening. To increase the chances for success, planning and preparation are essential. A prospective owner should identify each step involved in starting a business, avoid shortcuts and consider getting advice from the experts at one of the state's 19 Small Business Development Centers.

Small Business Development Centers offer one-on-one counseling at no direct cost to the client. All centers are connected with a local community college. (The program exists in all states but actual funding differs state by state. In New Mexico, centers get most of their funding from the state Legislature and some money from the federal Small Business Administration.)

What's the plan?

Small Business Development Centers encourage potential business owners to consider the market for which they are aiming. Because customers make or break a business, entrepreneurs first need to decide whom they plan to serve.

Next on the agenda is a plan that describes the business, the industry in which it fits and the products or services it intends to offer. A marketing analysis is part of every business plan: It explains where the business will be based and identifies and locates potential customers and competitors. The personnel plan describes who will manage the business and who will make up its workforce.

Financial documents, both actual and projected, are part of the business plan. They include projections of income, taxes, expenses and cash flow. The prospective owner's financial

documentation might include a resume, personal financial statement and personal tax statements for the previous three years. Supporting documents might include letters of commitment, leases and contracts.

If the business plan is part of a loan request, it needs to include a statement about how much money is needed and how it will be used. Because the bank will look at the lender's personal credit report, the plan should explain any past credit problems.

Reality check, please

Writing a business plan forces a prospective entrepreneur to translate fantasies into something realistic and tangible — something that others can imagine, critique and improve upon.

Those serious about starting a business but uncertain of what it involves are encouraged to visit the nearest New Mexico Small Business Development Center. A list of locations is available at the lead center at Santa Fe Community College (1-800-281-7232) or on the network's Web site (www.nmsbdc.org).

Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC) and its partners to assist individuals and businesses in obtaining skills and funding resources for their business or idea. To learn more about resources available to New Mexicans, go to www.FinanceNewMexico.org.

