



## 12 Steps to Starting a Successful Business

By Lea Hartog | December 18, 2008

Got a great idea for a new business? There's a lot more you'll need to launch a successful company, especially in this economy. Starting a business requires a great amount of forethought, planning, time and energy. But it's certainly not impossible. Follow these 12 steps and you'll be on your way to building a profitable company.

**1. Articulate your vision.** Your business idea might seem bulletproof, but thinking through your vision is necessary to determine whether it's viable. Write down everything you picture your business to be, from what specific products or services you'll offer to how you hope to reach customers. Consider the pros and cons of starting this company, as well as the obstacles you'll encounter. This process will help you figure out if you're ready to confront the challenges of starting a business.

**2. Do your research.** Find out if your potential business offering would be viable in the current economic climate and location in which you hope to launch it. Is there a demonstrated consumer need for your product or service? Are you filling a market gap? Has the industry suffered or boomed recently? These facts are essential to know before launching a business. Investors and partners will want to see that you've done your homework.

**3. Find a mentor.** Get an experienced professional to help guide your start-up process. Retired industry veterans as well as successful working executives are often more than willing to help a fledgling entrepreneur. There are several well-established online communities serving just this purpose. Check out SCORE (Service Corps of Retired Professionals), SBDC (Office of Small Business Development Centers) and the Institute for Independent Business for a start.

**4. Develop a business plan.** You might have a great idea, but if you don't map out every segment of your business you could be heading for chapter 11 before you even turn a profit. This failure was the downfall of dot comers in the early 2000s. Your mentor should help you identify achievable goals, challenges and strategies for your business. Your plan also needs to address everything from sales to marketing to training to payroll. This step is essential to convincing potential investors that your business will be viable.

**5. Determine a business structure.** There are a number of different ways to set up a business. You should be familiar with each one so you can determine which will best support your business goals. The most common include sole proprietorship, LLC (Limited Liability Company), general partnership and corporation. Consult the IRS's (International Revenue Service's) Web site for more information.

**6. Get others on board.** Depending on the nature of your business, you might need support from talented individuals to help propel your vision into a profitable enterprise. Network with like-minded professionals — either online through sites like LinkedIn or through trade shows and industry events — to find partners that will get on board with your start up. This is also a good time to identify future employee needs and plan when you should hire more staff, if you haven't already done so in your business plan.

**7. Make a name for yourself.** This seems like a trivial step, but a name can make or break your business. Consider what you want the name to communicate about your company — should it be casual and fun? Or serious and sophisticated? Either way, it should aim to attract the type of

customers you're looking for and should be relevant to the product or service you plan to offer. If you're uninspired, you can hire a name consultant, though those services certainly don't come cheap.

**8. Get in the money.** Secure the funding you need to start your business. Start off by estimating how much of your personal funds you're willing to use. Then determine where you'll get the rest — whether you'll get a loan from a bank, ask outside investors to pitch in or find another source of contributions. Startups always need more than they expect, so it's better to secure a greater amount of funding than you think you need. At the same time, you don't want to ask for an amount that'll make lenders laugh.

**9. Follow the rules.** It's absolutely necessary to become familiar with the swarm of rules and regulations that accompanies starting a business. Each state, as well as the federal government, has specific laws and codes with which you must be in compliance. You will need to get a business license, for instance, as well as file a number of forms with the IRS. An attorney can help you with this process, but check out the IRS Web site to start.

**10. Get situated.** After building the foundation of your business, it's time to get physical. Find the right office space, in terms of both location and price. Decide whether leasing or buying office equipment is right for your company. Also consider office furniture, kitchen needs and bathroom supplies.

**11. Outsource IT and phone-system implementation.** Hiring independent consultants to install phones and computers is an easy way to ensure that everything is up and running when you need it. Devote a good amount of time and energy to this step — you will have enough on your plate starting your business without being distracted with office issues like your phones not working.

**12. Set up the systems.** Even if don't have an employee yet, it's vital to have a payroll system in place before your company launches. This is especially important in light of tax and regulation issues. There are a variety of payroll approaches available — check out The HR World Payroll Services Buyer's Guide for more information.

This is also a good opportunity to determine what, if any, benefits you'll offer employees. While it's not essential to establish a health care plan or 401(k) offering from the get go, it's smart to know what's required if you intend to offer these benefits in the future.

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