

Start A Business

What could you do or make that others would be willing to pay for?

Perhaps you could perform a *service* that people don't have time or desire to do themselves. Maybe you could find a more efficient way to do something and pass the savings on to customers. Perhaps you could take raw materials and add value to them by creating a new and useful *product*.

Whatever the business activity, your ultimate goal is to earn more money than you spend then use this *profit* to fund salaries, expenses, and future sales.



There are several types and categories of business you could start.

Service Business: provides services. **Merchandising Business:** makes (wholesale) and/or sells (retail) products.

Sole Proprietorship: one owner. **Partnership:** two or more owners. **Corporation:** multiple shareholders.

To provide your first service or product, you'll need startup items (assets). And to obtain those, you'll need money. Where will you get it from? Below are two sample startups. Observe that the

Total Cost of Startup Items = Total Sources of Money

Service Business

Business Name: Willa's Words **Type:** Sole Proprietorship

Products / Services: Word Processing Services: Editing, Typing, Printing, Mailing

| Startup Items | |
|------------------------------------|-----------------|
| Cash | 500 |
| Computer System | 1,000 |
| Printer | 200 |
| Paper | 100 |
| Postage | 50 |
| Total Cost of Startup Items | \$ 1,850 |

| Sources of Money for Startup Items | |
|------------------------------------|-----------------|
| Loan from Parents | 1,500 |
| Personal Investment | 350 |
| | |
| | |
| Total Sources of Money | \$ 1,850 |

Merchandising Business

Business Name: Cam & Son's Cars **Type:** Partnership

Products / Services: Preowned Car Sales

| Startup Items | |
|-------------------------------------|-------------------|
| Cash | 50,000 |
| Prepaid Lot & Office lease (1 year) | 25,000 |
| Preowned car inventory | 100,000 |
| Office Equipment & Supplies | 10,000 |
| Office Furniture | 5,000 |
| Total Cost of Startup Items | \$ 190,000 |

| Sources of Money for Startup Items | |
|------------------------------------|-------------------|
| Bank Loan | 150,000 |
| Cam's Investment | 30,000 |
| Son's Investment | 10,000 |
| | |
| Total Sources of Money | \$ 190,000 |



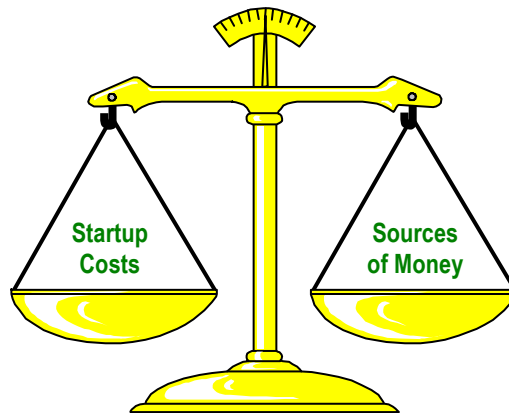
Your Turn

- On the form below, invent a distinctive name for your business.
- Enter the business Type: Sole Proprietorship, Partnership, Corporation.
- List the Products / Services you will offer. Most businesses provide some of both.
- In the left column, list the items you'll need to start your business, for example: cash, supplies, equipment, inventory, office rent/lease. List the estimated dollar cost for each item.
- In the right column, list where you'll get the money for your startup items, for example: bank loan; personal loan (has to be paid back) or investment (for a share of the profits) from yourself, family, or friends; stock sales to shareholders. List the dollar amount you plan to obtain from each source.
- Total both columns. *The total costs must exactly match the total sources of money.*

Business Name: _____ Type: _____

Products / Services: _____

| Startup Items | | Sources of Money for Startup Items | |
|------------------------------------|--|------------------------------------|--|
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| Total Cost of Startup Items | | Total Sources of Money | |



The Total Costs must be balanced by the Total Sources