

Overview of Starting a New Business

by

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Starting a successful new business is a long process that requires much commitment from the would-be entrepreneur. Many people are drawn to the idea of starting a new business with thoughts of being their own boss, high earning potential, and the excitement and the challenge involved in the process. However, all too often, entrepreneurs focus almost exclusively on the details of the product and not on the day-to-day requirements of running a successful business. Before starting a new business, the U.S. Small Business Administration (SBA) suggests there are several questions you should ask yourself:

- Is Entrepreneurship For You?
- Are you a self-starter?
- How well do you get along with different personalities?
- How good are you at making decisions?
- Do you have the physical and emotional stamina to run a business?
- How well do you plan and organize?
- Is your drive strong enough to maintain your motivation?
- How will the business affect your family and lifestyle?

Additional information to consider before starting is provided on the SBA website at www.sba.gov.

Once you have thoroughly thought through the answers to the above questions, you can proceed to the first step of starting your business: strategic planning. Before doing anything else, it is imperative that you think through all aspects of your new business idea. Things to consider include:

- How practical is your idea?
- How will your business fit into the market – does it have a niche?
- Who and where are your potential customers?
- What product/service will your business provide?
- Does an existing company provide the product/service you plan to provide? (think globally)
- Do you understand your customers and your customers' customers?
- How will you create demand for your product/service?
- How will the product be distributed?
- What are your competitive advantages?
- Make sure you understand how you will make money and how much it will cost you to operate your business.
- How much cash will be required to run the business? Do you have enough in reserve?
- What skills do I bring to the business? Are there skills I'll need to hire out?
- If you have a partner, make management decisions up front – i.e. how will finances

- be handled/shared, the decision making process, profits, etc.
- Where will I go for financing?
 - What equipment, resources, etc. will I need?
 - How and when will you track the success of the business? Have a predefined exit point in case things go sour. Recall that failure rate is very high.

After considering all of the above items, it is time to write up your business plan. An initial business plan does not have to be a long and super-detailed document. However, your business plan should clearly communicate all of the information from the above considerations to anyone reading the document. It is advised to start out with a simple business plan and develop a more comprehensive plan when you have a more concrete idea. Keeping your plan simple in the beginning will keep you from getting too deep into the analysis of financial considerations before you have solidified the idea behind your business. The business plan should be clearly written and should force you to analyze your new business idea and the associated challenges you will face. It is a good idea to have your business plan reviewed by others and to be open-minded about the feedback you receive and flexible enough to incorporate any relevant new ideas into the plan. The business plan should become your primary vehicle for communicating your new business idea to others. More information on writing a business plan can be found at: http://www.sba.gov/starting_business/startup/guide2.html#bplan.

Best wishes for success in your new business!

Other useful resources:

[OSU Austin Entrepreneurship Program Close to the Customer Project](#)

[OSU College of Business Entrepreneurship Resources](#)

The [Innovation Resources](#) section of the [OWIC](#) website has a comprehensive list of information for and resources that are available to entrepreneurs including:

[Sources of marketing information for the forest products industry](#) by: *Xiaozhi (Jeff) Cao, Ernesto Wagner, David Fell, Eric Hansen and Christopher Gaston*

[A planning guide for small and medium size wood products companies](#) by: Jeff Howe and Steve Bratkovich

[Oregon Secretary of State Office](#) — Business Wizard



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