

# Checklist To Successful Business Ownership

## ENTREPRENEURIAL APTITUDE

This is a self-evaluation checklist of entrepreneurial aptitude. Answering most questions with a "yes," probably means you have the "right stuff" to start and operate a successful small or home business. Think carefully about each checklist item - is it a quality you need to improve?







-  Are you a leader?
-  Are you a high-energy person?
-  Are you self-confident?
-  Are you organized?
-  Are you competitive?
-  Are you prepared to work long hours, every day for an indefinite period?
-  Do you have adequate resources?
-  Are you in good health?
-  Do you have a unique service or product?
-  Is your spouse on board with your ideas?
-  Are you willing to make short-term sacrifices in return for long term success?
-  Are you a risk taker?
-  Are you a good communicator?
-  Do you have adequate experience?

## CHOOSING A PARTNER

In choosing the right partner you must consider a number of factors. If you choose your partner wisely you will share the risk and alleviate some of your anxiety that is part of going it alone.






Do not be quick to make a decision. An ineffective partner is much worse than no partner at all. When you have picked a partner, the next step is to formally (with the help of an attorney) lay out respective responsibilities of each partner. Plan to the extent possible, for unforeseen circumstances.

**Here are some factors to consider when selecting your partner:**

-  **Does this person bring expertise I don't have** to the business?
-  **Does this person share my values, ethics, and goals for the business?** This is very important! You must not hesitate to bring up these issues in initial discussions with your potential partner. Discuss with the potential partner both your short and long term business goals and determine if they mesh well.
-  **If the partner is a spouse, does he or she share my same convictions** about starting and operating a business?
-  **Does the potential partner share my qualities** as an entrepreneur?
-  **Does this person have family or other personal problems?** Be frank and ask the question! You are going to have enough problems with the new business and you cannot afford the additional stress that is brought on by non-business problems as well.
-  **How well do you know your potential partner?** Like a marriage, you are going to be working together through good and bad times. Don't be too quick to get involved with someone who is just a casual acquaintance. Has this person been in a partnership before? How did it go?

## CHOOSING A BUSINESS

The business you choose should fit with realistic goals and an honest assessment of yourself. This checklist will help you decide on a business that can be successful for you.









-  **Is this the kind of work I really enjoy?** Look to your current interests. Many successful small businesses grow out of hobbies because a hobby is chosen for all the right reasons - you enjoy the task, the challenge, and the time spent.
-  **Do I have the required technical expertise?** Don't get involved in a business if you know little or nothing about it. When you have the necessary technical expertise, you can ask the right questions, make good business decisions and assess other "expert" opinions.
-  **Can I make enough money in this business?** First, your financial goals should be realistic. Then look around at similar businesses to see how they are doing. Talk to the owners. Most will give you enough information for you to decide if it's right for you financially. This will help you to pick a business that can satisfy your financial goals.
-  **Can I get the help I will need?** If your business is not going to be a one-person operation, you need to find out if the right kind of help is available in your immediate area. Are there similar businesses in the area? Also check with local employment agencies.
-  **Do I understand the market?** Will you be able to find customers? Do you have the knowledge required to set prices appropriately? Will you be able to direct a marketing program? (You might not do this yourself, but you may have to manage the effort).

## WORKING WITH YOUR ATTORNEY & INSURANCE AGENT





Don't blindly follow your attorney's advice. Assess the information, ask questions, make sure the advice is right for you!

Insurance is an important element of your business. Ensure you are always protected.

## YOUR ATTORNEY



-  **Ask questions** until you fully understand the issues and the legal language.
-  Remember that your attorney will not be giving advice from your entrepreneurial perspective but rather from a conservative point of view. **The advice you get may or may not be right for you.**
-  **Never hesitate to get another opinion** on a specific matter if you are not completely confident with your attorney's advice. There is a tendency to take everything one hears from an attorney at face value.
-  **Ask for a cost estimates** for every matter before you take it up with your attorney. Ask how expenses may be held down.
-  **Never, never be less than totally honest with your attorney.**
-  Ensure **extra charges** such as copying and faxes are being charged without padding. (The ABA requires lawyers charge actual costs for these extras).
-  **Ask for detailed invoices** including hours spent on each item and review carefully.
-  **Invite your attorney to your place of business** at least every 6-months to show him or her what you are doing. The better your attorney understands your business, the more effective the advice.










## YOUR INSURANCE AGENT

-  **Invite the agent** to your place of business on a regular basis.
-  Be sure to **keep the agent up to date** on any changes that would affect your insurance program such as new employees or equipment, change of location, etc.
-  Periodically, about every 6-months or so, **review your entire insurance program** to be sure you are adequately protected but not over-insured.
-  When purchasing a new item requiring insurance coverage, call your agent and **get a binder**. Follow up within a few days to make sure the binder has been attached to your policy.

## CHOOSING A BANK

Your bank is more than a place where you keep a checking account. They provide many important services that will be required for your business operations. Choose carefully.







-  Is the bank in a **convenient location**?
-  Does the banker **understand** your business?

-  Does the bank have an **SBA loan program**?
-  Is the bank **small enough** so that you can deal with senior people?
-  Is the bank a **member of FDIC** and the Federal Reserve Bank? (Commercial and savings banks are required to be a member of FDIC.)
-  Does the bank provide the **services you will need** now and in the near future?
-  Is the **bank's capitalization/asset ratio** greater than 6%? (This is a good measure of a bank's "health") Calculate this ratio as follows: Divide the bank's "equity" (some-times referred to as "shareholders' equity" or "total equity") by "total assets" and convert to %. These figures can be found in the bank's financial statements, which the bank should gladly provide to you.
-  What are the **bank's fees** for various trans-actions? Are they competitive?
-  What are fees and interest associated with their **credit cards**? Are they competitive?
-  What **balances** are required on interest-bearing checking accounts?
-  Is the bank "**Y2K**" **compliant**? That is, will their computer systems handle dates after Dec 31, 1999?

## CUSTOMER SATISFACTION

Your marketing program exposes your product or service to potential customers. Hopefully the program will also bring these customers to your door. Once at the door, the trick is to keep them. It's really simple to do this ... keep your customers satisfied. The old adage is true, "Your best advertisement is a satisfied customer." A customer satisfaction program is a must for your business. Also remember that it is less expensive to retain an existing customer than to find a few one.

Put yourself in the place of the customer when assessing your performance. It is frequently the little things that make a difference. This checklist highlights a few tried and true elements of a customer satisfaction program. Please take note that some of these suggestions apply only to certain types of businesses.














-  Make sure that ALL your employees understand that the customers are #1.
-  Never, never argue with a customer.
-  Treat EVERYONE as a potential customer.
-  Don't use a telephone answering machine or a voice mail system unless absolutely necessary. Customers like to talk to real people, not machines. Think how irritating it is for you to wade through the typical voice-mail "menu." But, choose a machine over an answering service. With a machine you know what will be said to the caller.
-  Answer the telephone by the second ring.
-  Say "Thank you" frequently and be courteous.

- ✓ Provide something free (samples, coffee, bagels, pens).
  - ✓ ALWAYS return telephone calls promptly.
  - ✓ Answer your own telephone.
  - ✓ Handle all complaints quickly and personally if required.
  - ✓ Install a complaint "hot line" for customers to use.
  - ✓ Make your product/service easy to purchase.
  - ✓ Arrange for purchase by credit card.
  - ✓ Have an "open house" periodically.
  - ✓ Sponsor a free lecture.
  - ✓ Don't oversell (don't be a pest but be there when needed).
  - ✓ Call your own office from time to time just to see how you're treated.
  - ✓ Go the "extra mile" for your customer.
  - ✓ Don't ever blame anything on a "computer problem."
  - ✓ Have a sale just for "preferred" customers.
  - ✓ If you deal in an expensive product or service with few customers, follow up each sale with a telephone call or written communication.
  - ✓ Use customer satisfaction surveys. You will always learn something that is surprising.
  - ✓ Stay visible within your community (volunteer your time, join toastmasters).
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## **WORKING WITH EMPLOYEES**

Dealing with employees (contracted or yours) is always challenging and will tax your best management and leadership skills. There are numerous books dealing with managing people and management techniques and you can spend a lot of time reading about this subject. However, there are two small books on the subject well worth acquiring: "The One Minute Manager" by Blanchard and Johnson and "Putting the One Minute Manager to Work" by Blanchard and Lorber. These two entertaining texts contain a lot of practical and wise advice for working with employees.

The following listing, based on a good deal of experience, are items to consider that will help keep you out of trouble when dealing with your employees:

-  Be willing to pay for the best. Remember, you get exactly what you pay for.
-  Everyone has their own way of doing things. We all seem to forget this and insist it be done "our way." A better approach is to give instructions as to what is needed and allow the individual to provide the method.
-  Remember to always criticize in private and to praise in public.
-  Remember that EVERYONE needs to feel appreciated. Talk to your employees and make certain they know they are providing a valuable service.
-  Stay visible. Make certain all your employees see you at least once a day. Your employees need to know you're involved and interested.
-  Keep your promises. If you say you're going to do something, do it! There are no good excuses in the eyes of your employees.
-  Ask your employees for suggestions on a regular basis. Do this personally ... not just with a "suggestion box."
-  Allow your employees to fail! It is well documented that successes are generally preceded by one or more failures. The employee who is afraid to fail will be less likely to be innovative.
-  Every employee must know exactly what their responsibilities are and what authority they have for carrying out these responsibilities. This usually is accomplished by very precisely written job descriptions.
-  Manage by objectives. Each of your employees should be assigned (by mutual agreement) specific goals to be obtained within a certain period of time. These goals must be measurable and you will periodically review them so that corrective action, if needed, may be taken to get back on track. Managing by objectives stresses real results as opposed to a job description which only lists the individual's responsibilities.
-  Constantly motivate your employees to do a good job. Talk to them about their job and its importance to the business. Maintain an "employee-of-the-month" program with an appropriate certificate and a traveling trophy. Make the monthly presentation with fanfare.
-  Implement an effective training program to encourage promotion. Any employee who thinks they are in a dead-end job will not perform up to expectations.
-  Remember the "Peter Principle." To paraphrase: Everyone rises to their level of incompetence. See that this does not happen in your business.

by Robert Sullivan, author of "[The Small Business Start-Up Guide](#)"