

# First Session

## Reality of Owning a Business

### •Down Side:

- Most business owners work 24/7
- It's all YOU! (even if you have a manager/partner)
- No guarantees for success, high failure rate

### •Rewards:

- Live life on your terms - by doing what you enjoy
- Unlimited earning potential
- Self fulfillment -ability to earn a living and build a legacy for your family and their future

## Questions to Ask Yourself

- Why am I starting a business and what is my support system?
- Am I prepared to commit the time, money, and resources necessary to start and grow my business?
- What kind of business interests me?
  - Retail, Manufacturing, or Service
- Do I have sufficient experience in the industry?
- What is success and what is my exit strategy?

## Reasons Businesses Fail



- Lack of planning / customer research
- Underdeveloped business idea
- Poor marketing strategy and/or implementation
- Insufficient capital (under capitalized) (line of credit in place?)
- Insufficient operations mgt. understanding / implementation
- Insufficient understanding of Accounting - Finance understanding / implementation

## The Role of the Small Business Administration (SBA)

- Federal Department that charters SBDC / SCORE
- Does not make loans
- Guarantees loans for those approved commercial by lenders
- Provides counseling, training workshops for small business



*U.S. Small Business Administration*



## What Is SCORE?

- Provides free business mentoring services.
- Services are provided by active and retired business executives, who donate their time and expertise to assist new and established small businesses.
- Chapters present business workshops and seminars for a modest fee.
- SCORE was founded in 1964 as a 501c(3) non-profit
- SCORE is a resource partner with the SBA
- To date, SCORE has more than 8.5 million clients served by 50,000 certified mentors

## Why Utilize SCORE?

### **Businesses with a mentor:**

- Double the business survival rate at five years
- Are three times more likely to see revenue growth
  - Revenue growth is more than 75% improved on average
- Are more profitable
  - Business owner compensation is doubled
- Create more jobs
  - Average one additional employee per year

## Why Utilize SCORE?

- **96%** of 2016 clients in operation for more than one year when they use mentors **remain in business**
- **84%** of clients who started or acquired a business while receiving services **stayed in business**
- Helped to **grow revenue** in **64%** of its small business mentoring clients

## What You Should Know About SCORE Mentoring

- Services are provided free of charge for as long as you have questions or need support
- Mentors share experience and knowledge
- All information and discussions are held in strict confidence
- Your SCORE Mentor has a personal interest in the success of your business
- Access to SCORE resources nationwide



## Types of SCORE Mentoring

- Face to Face
- On-line – FaceTime, Zoom, Google Meet, etc.
- Phone
- By other electronic methods – email, text, etc.
- Frequency and method of sessions determined by mentor and client



## Business Owners Councils

- A group of 6 – 8 non-competing business owners who meet monthly to discuss their issues and successes
- SCORE facilitator for pre-meetings and to moderate the session
- Acts as a sounding board for your business
- Monthly meetings last approximately 90 minutes

## How SCORE Can Assist You

Listen to your plans and through a question process, help you clarify your goals

Be supportive and offer encouragement, send actions to be completed before next session

Provide tools and templates

Guide you toward information which will help you develop a sound business plan

Assist with financial guidance

Advise you of SCORE workshops, seminars and educational materials



## Your Responsibilities

You are responsible for the success of your business

Understand the scope of the challenge in front of you

Listen, learn, ask pertinent questions

Complete tasks prior to the next meeting with your mentor

Responsible for setting the date & time of the next meeting

## SCORE National Resources

Webinars: <https://www.score.org/live-and-recorded-webinars>

Usually free, frequent & a wide range of topics

If you're looking for free business templates, eguides, checklists, blogs, videos, news articles or other helpful resources, etc., SCORE is your destination

## **SCORE National Resources**

### **The Client Startup Roadmap Course** – (a chapter on each topic)

- Starting Your Journey
- Are You Ready to Start a Business?
- Defining & Validating Your Idea
- Business Plan or Business Model Canvas?
- Finding Funding
- Setting Up Your Business
- Accounting, Insurance, and Legal Considerations
- Marketing & Sales
- Setting Up Your Physical Location
- Staffing Your Business
- Open for Business

# SCORE National Resources

Determining “the Why”: Worksheet to Understand What Drives You

**The purpose of this assessment is to help you answer these three questions:**

- Why do you want to go into business for yourself?
- Have you considered what skills or traits will help you be successful? What risks may hinder your success?
- What questions should you discuss with your mentor when deciding to get started?**

**Why Do You Want To Start Your Own Business 9 Entrepreneurial Quiz (2 pages)**

Why do you want to start your own business?

What are your strengths that will help you run the business?

What are your weaknesses that may affect your ability to run the business?

What will keep you going when things get tough?

# SCORE National Resources

On a scale of 1 – 10, how committed are you?      Not at all      1   2   3   4   5   6   7   8   9   10      Extremely Committed      Committed

How will your life be affected if you fail?

Why now? Why is now the best time for you to start a business?

What factors do you think will help you be successful as an entrepreneur?

What risks do you think you'll face in starting your business?

Given the risks and your success factors, are you sure you're ready to start?

If yes, list why. If no, list any doubts or questions you'd like to discuss with your mentor.

# Business Startup Checklist

## BUSINESS FEASIBILITY PHASE

1. Determine WHY you want to get into business. Define what Business Success means to you.
2. Arrange for a mentor: [www.score.org](http://www.score.org) , “Find A Mentor” button & fill out form. An assigned mentor will contact you within four working days.
3. Find a **Business Idea** that solves a customer’s problem using **Lean Entrepreneurship (Customer Discovery/Customer Validation)** approach by talking with many potential customers, **defining their problem** and testing their acceptance of your solution. Continue until you have a viable product / service that can be sold at profit. Is market size adequate for your business?
4. Determine a compelling **Business Model** (how will you make a profit) to take product / service to market that has been validated in 3 above. (e.g. direct sale, on-line sales, free/premium sale, lease, subscription etc.)
5. Develop your **Business Model Canvas (BMC)** - forces thinking through major business elements (Keep updating as new information is generated). This is your 1-page macro business Plan
6. Determine who your competitors are / could be. Set up a matrix of what they are doing (including their Strengths & Weakness) vs. what you would do. Do you have a competitive advantage? Why should customers buy from you rather than your competitors? (What’s in it for them?) What are the barriers to entry into your business area from new competitors?

# Business Startup Checklist

## ORGANIZATIONAL PHASE

7. Select Business Name and verify its availability in 8 below.
8. Decide business legal form: Sole Proprietor, Partnership, LLC, Subchapter S, B or C Corporation. Arrange for any required registration. You can obtain a NM LLC at: <https://portal.sos.state.nm.us/BFS/online>
9. Reserve web site name.
10. Work with a business lawyer for Incorporation (if selected) and for contracts (e.g. facility lease; customer contracts). List of local business lawyers from NM Bar at:  
[https://www.nmbar.org/nmstatebar/Directory/I\\_Need\\_a\\_Lawyer/Find\\_an\\_Attorney/Nmstatebar/For\\_Public/Find\\_an\\_Attorney.aspx?hkey=21eb22c1-ad95-416b-9aac-e293025c814f](https://www.nmbar.org/nmstatebar/Directory/I_Need_a_Lawyer/Find_an_Attorney/Nmstatebar/For_Public/Find_an_Attorney.aspx?hkey=21eb22c1-ad95-416b-9aac-e293025c814f)

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# Business Startup Checklist

## Organizational Phase

11. Obtain EIN # (for Federal Taxes) from IRS: <https://www.irs.gov/businesses/small-businesses-self-employed/how-to-apply-for-an-ein-#>, BTIN# (for NM Gross Receipts tax) from NM Taxation; Revenue Dept. <http://www.tax.newmexico.gov/Businesses/register-your-business.aspx>, and appropriate Industrial Licenses (if needed - e.g. Construction License); City or County Business License
12. Arrange for a Bank / Credit Union Checking account and Company Credit Card in name of Company (all Company monies in or out must go through checking account to avoid personal liability gained through LLC or Incorporation)
13. Arrange for accepting Credit Cards payments.
14. Determine how you will record financial transactions (Select accountant, accounting software, create chart of accounts-with accountant)

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# Business Startup Checklist

## OPERATIONAL PHASE

15. **Price product / service** based on value delivered to customer. Compare with competitor's pricing and assure price generates profits after recovering all costs (see 16 below)
16. **Generate Pro Forma (projection) monthly P & L (Profit & Loss)/Income Statement** (for 1 year or more) to test for profitability, Break Even Date (when Revenue equals Costs) & amount of funding required in hand prior to starting business (this is the summation of the monthly negative cash flows from start to Break-Even point). Regenerate P & L frequently with any new information that modifies assumptions used in generating the form.
17. **Recruit Founding Team & Determine Equity Sharing Arrangements.** What % ownership will you set aside for the team (if any) & how much for future sale? Vesting (when they take ownership) period? For your founding team: Create effective team structure / culture. Generate Job Descriptions with Responsibility/Authority defined. Think / Manage as a Family.
18. From your Business Model Canvas. **Generate implementing action steps including who is responsible, schedule and resources required.**
19. Determine infrastructure requirements (location / facility, furniture, computing hardware/software, communications, etc.)
20. Generate business cards and advertising (e.g. Trifold) that can be left with potential customers. Emphasize Product benefits. Can cross link via QR code (e.g. to web site or other on line links)

# Business Startup Checklist

## OPERATIONAL PHASE

21. Determine **funding sources** (if require outside funding) Note: most Startups use their own Savings & Friends / Family funding. Outside funding will require full business plan and often based on your Credit Score. Have you reviewed your credit report lately?
22. Arrange for web site design, either by others (make sure you own the product) or do own (can use free WIX, Weebly or Word Press software) & determine web site hosting organization.
23. Arrange for payroll payments and appropriate deductions - by self or payroll service (if self, send payroll taxes and payments there from to appropriate Federal & State organizations - e.g. IRS & NM Taxation & Revenue). Can take free IRS / NM Tax & Rev workshop for details.
24. Arrange for Workman's Comp Insurance (Required if 3 or more workers - 1 if in construction)
25. Determine types of **Risks** in the business. How will you offset? If insurance is required, arrange for necessary coverage through insurance agent. Google Business Insurance Agents & city.
26. Generate **Operations Plan** (How you plan to produce product / service and in what volume.)  
What work will be done in-house vs. contracted out? Volume is input into Marketing Plan.

# Business Startup Checklist

## OPERATIONAL PHASE

27. Establish Vendor network arrangements, including agreements, payment terms & limitations.
28. Generate **Marketing Plan** (including marketing strategies, selected target market, ideal customer definition, marketing methodology & tools necessary to sell product / service to customers as well as planned methods of getting product / service to customers).
29. Align on-line profiles (web site, LinkedIn & Social Media (if appropriate for your business))
- 30. Personally network** within the entrepreneurial ecosystem, once initial planning completed.
31. Create a Dashboard to include critical business measures (financial & nonfinancial) - review status frequently. Take action to remediate as required.
32. Establish & manage your business credit profile (internally: Use financial data & ratio analysis. Externally: Cordial relationships with funding sources e.g. Bank / Creditor briefings)
33. Arrange for Line of Credit with Bank (if determined appropriate)

# Business Startup Checklist

## SCALING THE BUSINESS

34. As business expands, hire added personnel as needed. Determine pay, benefits & Company ownership (if appropriate). Hire for needs and culture fit. Include freelancers if appropriate.
35. Set up HR System (Process specified for Hiring, Team management, tracking / recording HR data & termination procedures (e.g. can use Justworks, Insperity, or workday software)
36. Assess your funding readiness & develop fund-raising pitch, if added funding required.
37. If plan to sell product / service to Federal Government, need DUNS & Beta SAM number (available on line). Investigate SBA 8A (Disadvantaged), Hub Zone, VA (disabled if applicable) or Women owned business designation if applicable, for competitive advantage. Ref: [www.SBA.gov](http://www.SBA.gov)
38. Generate Co. Strategic **Goal System** of few Broad Objectives (top down) and more detailed Key Results (bottom up). Generate set for Operational Goals (expect 100% success) and Aspirational Goals (stretch without assurance of success). Generate employee teams to manage Goal attainment. Have visible scoreboard, keep updated.
39. Arrange Communication System with customers (e.g. email Newsletter using Constant Contact, HubSpot, Mail Chimp or blogging or webinars) as well as with key suppliers.
40. List professional assistance (use as appropriate): Business Lawyer, Accountant, Business Insurance Agent, Banker and mentor
41. Recruit & communicate with Board of Directors or Advisory Board. (They can provide valuable insights & advise based on experience and can provide customer referrals)
42. Consider joining Business Owner Round Table for advice from other Business Owners (e.g. **SCORE** Business Owners Council).

# Business Startup Checklist

## EXITING THE BUSINESS

43. Know your **business exit strategy** (e.g. pass to progeny, sale or merger). You are then prepared if opportunity presents itself.

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## What SCORE Mentors Cannot Do

- Tell you what kind of business you should establish
- Give you money or invest in your business
- Make decisions for you
- Do your homework or perform work for you
- Provide advice in legal, accounting or tax matters, insurance
- Accept any form of compensation for their assistance



## Ask the Expert

One hour of Q & A each month from 12 – 1

Location: Zoom call

Ask as many questions as you would like and get answers from experts

Modest fee & must register in advance @ [Albuquerque.score.org](https://albuquerque.score.org)

2<sup>nd</sup> Tuesday – Sales

3<sup>rd</sup> Tuesday – Marketing

4<sup>th</sup> Tuesday – Business Funding and Alternative Funding

## Financial Advisory Group

- Consists of current or former bankers and financing professionals who can help you navigate the process of financing your business
- Information resource to SCORE clients about funding options
- Know the financing climate in ABQ
- Help prepare SCORE clients for the business financing process
- Client must complete the Advisory Groups Checklist prior to the meeting
- Your SCORE mentor can schedule a session with the Financing Advisory Group

## ABQ SCORE 2022 Workshops

January 6th - [2022's Hottest Businesses, Markets & Trends](#)

January 13th - [Building a Hybrid Cloud for Your Growing Business](#)

January 18<sup>th</sup> - [Business Bookkeeping Basics](#)

January 19<sup>th</sup> – 6 Steps to Build Legal Resilience in Your Business

January 20<sup>th</sup> - [10 Key Steps to Grow Your Solo Business](#)

For more details  
and to register,  
please visit  
“[Albuquerque.score.org](http://Albuquerque.score.org)” and click on  
“Take a Workshop”

First Session attendees get \$10 off  
the first paid workshop they attend –  
email:  
[admin.0067@scorevolunteer.org](mailto:admin.0067@scorevolunteer.org)  
for code

## **SCORE Santa Fe Workshops**

**Nothing currently scheduled, check their website**

**For details visit: [www.santafe.score.org](http://www.santafe.score.org)**

**Sessions are generally free to attend**

**Have You Asked Yourself**

**Why Do I Want To Open**

**A Business?**

## Are You Ready to be an Entrepreneur

- How well do you take criticism?
- Do you think long-term?
- How much validation do you need?
- How well do you deal with conflict?
- How well do you read people?
- Do you have an Elevator Pitch? / How effective is it?

## Traits of a Successful Entrepreneur

- Full of determination
- Not afraid to take risks
- High level of confidence
  
- Craves learning
- Passionate about their business
- Understands failure is part of the game
  
- Highly adaptable
- Must understand money management
- Expert at networking
- Ability to sell and promote

## Business Startup Resources



### **SBDC**

Workshops

(505)224-5251

### **WESST**

Workshops

(505)224-5251

Offices throughout NM



**WESST**

**Dream  
Spring**

### **ACCION**

Provide small business  
loans.

(800)508-7624

## Business Startup Resources



### VBOC

The Veterans Business Outreach Center (VBOC) program is a one-stop-shop for transitioning service members, veterans and military spouses looking to start, purchase, or grow a business.

- Boots to Business
- Training, counseling and mentoring
- Resource referrals

<http://nmvboc.org/>

# Business Startup Resources

## Center for Non-Profit Excellence

### **Mission**

The Center for Nonprofit Excellence strengthens the capabilities and capacity of New Mexico nonprofits so they can more effectively meet their missions

### **Our Core Beliefs**

Healthy nonprofits lead to healthier communities

Volunteer expertise can be harnessed to improve nonprofits

Strong leadership at all levels is critical to a strong nonprofit sector

Strategic collaborations help nonprofits achieve more and better serve their clients

The Center for Nonprofit Excellence is a provider of resources and services to nonprofits that want to:

- Have positive impact on the communities they serve
- Strengthen their board engagement and governance
- Improve their financial sustainability
- Understand and proactively monitor their financial status
- Enhance their internal management and operations
- Develop performance indicators and metrics to better evaluate and measure impact

**United Way of Central New Mexico  
(505) 247-3671**

## Business Startup Resources

### Pivotal New Mexico

Helps organizations get the funding they need to achieve their charitable and social missions.

Access new sources of funding, grant writers apply for and manage grants with confidence, and our community becomes stronger.

We train, advise, and support organizations in the search for funding.

To learn more about how New Mexico organizations fit into the national funding landscape, visit our partners, The Grant Plant.

[info@pivotalnm.org](mailto:info@pivotalnm.org)

(505) 226-0171 ext.1

## Business Startup Resources

### The Grant Plant

Specialized resource development team that works exclusively with tax exempt entities & nonprofit organizations

Our services include grant seeking, prospect research, grants management, and stakeholder relations materials.

Since 2003, our small, women-owned business has provided more than \$120 million in funding for organizations, programs, and projects that improve the social and economic conditions.

In 2015, The Grant Plant, Inc. started The Grants Collective, a non-profit 501(c)(3) organization that trains other grant professionals in helping agencies raise their ability and capacity to compete for major grants.

The Grants Collective runs a Talent Academy for grant professionals, a four-month fellowship that uses project-based learning to develop skills in securing major grants

Offers a subscription based Cooperative Network of nonprofit organizations to develop skills and improve access to resources that contribute to high-performance grant seeking.

Phone: (505) 226-0171

E-mail: [admin@thegrantplantnm.com](mailto:admin@thegrantplantnm.com)

## **Business Startup Resources**

### **City of ABQ Handout**

<https://www.cabq.gov/economicdevelopment/business-owners/how-to-start-a-business>

### **Municipal Codes**

<http://growitnm.org/municipal-index/>



# Business Startup Resources

## Rules & Regulation

<http://financenewmexico.org/steps-to-starting-a-business/>

## Finance New Mexico

Connects individuals to potential funding sources

[www.financenewmexico.org](http://www.financenewmexico.org)



## Business Startup Resources

### Albuquerque Economic Development Center

- No Cost to Clients
- Provide assistance in evaluating whether there might be available incentives for your business
- Industrial Revenue Bonds
- Job Training
- Tax Credits :High Wage, Technology Job + R&D, Manufacturing Investment, Rural Jobs, Energy Generation
- Gross Receipt Tax Deduction for Manufacturing Consumables
- Renewable Energy

[info@abq.org](mailto:info@abq.org)

(505) 705-3777

## Business Startup Resources

### The Loan Fund

- Provides at no cost, counseling & business development advisors that help clients get a loan
- Can adapt the terms of a loan to a borrower's financial situation
- Serves for Profit and Non-Profits
- Many NM resource partners

<http://www.loanfund.org/>



## Business Startup Resources

### New Mexico Small Business Investment Corporation

The NMSBIC was created by the Legislature in 2000 to support small businesses throughout the state by providing equity or debt capital to finance expansion, to help create and retain jobs, and to enhance the economic livelihood of New Mexico communities by investing in local companies.

Type of Businesses served – any business that qualifies through partner organizations

Funding at any stage of business operation

**Contact:**

P.O. Box 1211

Tijeras, NM 87059-1211

<http://www.nmsbic.org/>



# Business Startup Resources

## UNM Small Business Institute

The UNM Small Business Institute (SBI) at Anderson provides consulting work for local start-ups, expanding businesses, nonprofit organizations and family enterprises.

Every semester, 15-20 student teams comprised of 3-5 students, guided by a UNM Anderson faculty member, assist clients in preparing strategic business plans, financial analyses and marketing research studies.

[sbi@unm.edu](mailto:sbi@unm.edu) or call (505) 277-8869

<https://www.nmnetlinks.com/> - 39 lists and 4,028 links to local jobs, events and resources, including the following new lists:

- Aerospace Related Associations
- Albuquerque Trivia
- Buy Local Programs
- How to Hire a Student Intern
- Sustainable Business Information and Resources
- Job Updates (Marketing and Tech-Related Jobs)
- Events

## Business Startup Resources

### Sandoval County CNM Digital Media Lab

Offers assistance to small businesses with their marketing needs; such as brochures, logo design, websites, web design and videos.

Our laboratory setting and classes provide an opportunity platform to provide students with real world experience by pairing them with small businesses or community projects.

#### **Contact:**

**Victoria Stark-Romero**

**[medialab@cnm.edu](mailto:medialab@cnm.edu)**

**(505) 224-4000 Ext.51048**

## Business Startup Resources

Taxation & Revenue Department of New Mexico

### **New Business Workshop – Zoom**

Offered three times per month

The New Business Workshop presented by NM Taxation & Revenue is a comprehensive look at the Combined Reporting System (CRS) for Gross Receipts, Withholding and Compensating Tax programs. We will discuss Non-Taxable Transaction Certificates, Estimated income tax payments for business owners, deductions and exemptions from Gross Receipts, special tax programs and audits. We also present e-file training.

In addition to the state CRS we have a volunteer CPA discuss federal tax issues (i.e. reporting forms, Self-Employment Tax and Estimated Tax) and good business practices (i.e. good record-keeping).

To register contact the Taxation & Revenue Dept. at (505) 841-6393, or online

## Business Startup Resources

### TREC

TREC (Technical Retirees as Economic Catalysts) is a volunteer organization that taps the expertise of technical retirees from Sandia National Laboratories and other institutions to address technical issues faced by small businesses in New Mexico.

TREC is affiliated with WESST, but its services are available to clients of SCORE and other organizations that help small businesses in New Mexico.

If a business has a technical problem, TREC works with the client to clarify the issue and attempts either to identify technical retirees with the appropriate expertise to address the problem for the client free of charge or to identify other sources of technical help.

Additional information on how to access TREC's resources can be found at [nmTREC.org](http://nmTREC.org)

## Business Startup Resources

### 1 Million Cups

- Coffee & low cal donuts (when in person)
- Event is free, everyone is welcome and invited
- Entrepreneurs and investors attend
- Held every Wednesday 9 – 10:30 - **Zoom**
- One or two early stage founders have 6 minutes to present their companies, followed by 20 minutes of Q & A with the audience
- Excellent opportunity to network and see what other folks are doing

Fat Pipe ABQ  
200 Broadway Blvd NE  
Abq, NM 87102  
(505) 227-8802

## Accelerators / Incubators

**Business Accelerator** – a formal program that educates and trains individuals or teams on how to start a business, might request a % of ownership in return for any investment

**Business Incubator** – a location a business to start & grow with co-located support functions and / or other businesses



## Types of Business Formation

### Sole Proprietorship

A sole proprietorship is a common type of business and is the easiest and cheapest business formation to start. When you choose this type of formation, you're declaring yourself as the sole owner. You are responsible for every aspect of the business. You report losses and gains on your personal tax return because your business isn't taxed separately. You also are liable for any debts or damages caused by the business. If the business owes money, that means you have to pay it. If anyone is hurt in conjunction with your business, then you are liable for damages.

## Types of Business Formation

### Partnership

Unlike a sole proprietorship, a partnership is a business started by more than one person. The profits and liabilities associated with the business are shared among all partners. You can form a partnership with an oral agreement between you and the other owners. An alternative is to have a legal partnership agreement drawn up by a lawyer. All members of the partnership agree to contribute time, money, skills and labor to the business. In return, all members share in the profits and benefits. It's important that all partners agree on things such as splitting profits, solving business problems and adding new partners.



## Types of Business Formation

### Limited Liability Company

The IRS states a limited liability company (LLC) is allowed only by state statute. Unlike other business formations, the federal government doesn't recognize an LLC as a legitimate business formation for tax purposes. When it's time to pay taxes, you must declare your LLC as a sole proprietorship, corporation or partnership. The benefits of an LLC include limited personal liability for debts and other actions of the business. When you're part of an LLC, you're known as a member and not an owner or shareholder. LLC members can consist of foreign businesses, partners and other corporations. In some states, an LLC can consist of one member.



## Types of Business Formation

### Corporation

A corporation offers an amount of protection not offered by a sole proprietorship or partnership. Business.gov states that a corporation is an independent entity, which means it's separate from its owners. You and the other owners, known as shareholders, aren't personally responsible for paying debts or any other expenses incurred by the corporation. A corporation can consist of one or more people, but the business takes the financial and legal hit if the business is sued or goes into debt. In addition to protecting your personal assets, a corporation also allows you to hire yourself and take part in employee benefit plans

## Customer Discovery

- How do you know there is demand for your product or service?
- Candid customer feedback is crucial to shorten your time to market and save you money
- You must interview your potential customers to verify that demand for your product / service exists
- This step should not be overlooked or not done thoroughly
  
- What is your plan to market your business?
  
- Have other folks tried and failed in this area? If so why?
- What will you do to prevent this from happening to you?
  
- Timing – are you entering the market at the optimal time?

## Something to Consider Seriously

- Customers are **NOT** buying your Product / Service
- They are buying a **Solution** to their problem

# Business Model Canvas

## Problem

What is the biggest problem your potential customers have in your area of expertise?

## Solution

Can you provide a solution for the customer's problem? Produce a Minimum Viable Prototype & test with potential customers to verify problem solution is acceptable and that they will pay for it.

## Customer

Who are your potential customers that could pay you to solve their problem (define their characteristics)?

## Product / Service Delivery Unique Value Proposition

How will you produce & deliver your product / service to your customers?

What will your solution do for your customers? (think Better, Faster, Cheaper etc.)

## Competitive Advantage

What gives you an "edge" over your competitors? What is the clear & compelling reason customers will buy from you and not from your competitors?

## Marketing

What strategy are you going to use that applies your competitive advantage to best bring your product to the marketplace? Ask:

- Market size?
- Targeted market segment?
- Ideal Customers?
- How can you reach them (digital & non-digital tactics)?

## Sales

How are you going to sell your product/ service?

- Personal contacts?
- Sales force (commission / salary)?
- Manufacturer's reps?
- On Line?

## Key Resources

- Human
- Physical
- Financial
- Partners

## Risks

What could happen that would prevent you from meeting your business or customer expectations? What steps could you take to mitigate those risks?

## Cost Structure

Estimate all costs: e.g. materials, salaries, rent, equipment, utilities, marketing, vehicles,, etc. (List all outgoing funds by week / month).

## Revenue Streams

How and where will you generate revenue? Estimate total incoming funds by week / month. (Cash flow is critical in any business).

## Success

Define success for your business:

- What would you measure?
- How would you use those measures to improve your movement toward success?

# **Steve Blank – One of the Founders of Lean Startup**

Video series “how to build a startup” on Udacity:

<https://www.udacity.com/course/how-to-build-a-startup--ep245>

## **You Must Remember**

**It is not what you are selling,**

**But what your customers are buying that counts.**

**(You must find that out and accommodate them and that requires talking to your potential customers.)**

# Credit Scores

## FICO® Scores: What You Need to Know

### What Your Score Means to Lenders

**800 – 900** EXCEPTIONAL

**740 – 799** VERY GOOD

**670 – 739** GOOD

**580 – 669** FAIR

**250 – 579** RISKY

If you have several types of debt – credit cards, student loans, car loan, a payday loan – in what order should you generally to pay them off?

Smallest to largest debt

Largest to smallest debt

Lowest interest rate to highest interest rate

Highest interest rate to lowest interest rate

Whichever debt is the oldest

Whichever debt is the most recent

## Credit Score Factors

35% payment history

30% total amount owed (takes into account what % of available credit is utilized)

15% length of credit history (having the same accounts for longer periods of time)

10% types of credit (mortgage, car, credit card)

10% new accounts, applied for or credit inquiries

An excellent score will save you money

A low score might also mean a higher initial deposit for a cell phone, apartment, cable service, utilities or for a credit card

There are three major credit reporting agencies **Equifax** (888) 766-0008, **Experian** (888) 397 3742 and **Transunion** (800) 916-8800, you are entitled to a free credit report from each, once a year from [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com) or [www.creditkarma.com](http://www.creditkarma.com)

Your credit report might differ slightly from one bureau to another.

## What's in Your Credit Report

**Identifying information:** your name, current and previous addresses, Social Security number, year of birth, employment history, income and home ownership.

**Credit information:** information for each account you hold, such as date opened, credit limit or loan amount, balance, monthly payment and recent payment history. This information is gathered from banks, credit unions, credit card issuers, mortgage and loan companies, landlords, insurance companies, professional service organizations, and others.

**Public record information:** information from government agencies, including federal district bankruptcy records, state and county court records, tax liens, monetary judgments, and (in some states) overdue child support, for the last 7 years (sometimes 10 for bankruptcies).

**Inquiries:** the names of anyone who has requested a copy of your credit report within the past year (or the past two years for employment-related inquiries).

## Top Ten Legal Mistakes ABQ Businesses Make

### 10. Not Obtaining Professional Help or Ignoring Their Advice

Obtain legal advice when starting – legal structure, define roles & responsibilities of owners, succession, clear understanding of NMGRT, obtain a line of credit to avoid business disruption

### 9. DBA Sole Proprietorship or Partnership

Liability protection, flexibility, tax, survivability

### 8. Poor Business Naming Choices

Similar to other businesses in operation, difficult to spell, gets millions of hits on Google so it is hard to find, descriptive of business – best are easy to spell, clever, dot.com address is available

### 7. No Knowledge of “Work for Hire” Doctrine / Copyright Law

Author, artists or photographers own copyright to their work

## Top Ten Legal Mistakes ABQ Businesses Make

### 6. Sign Contracts Quickly without Reading / Negotiating

Having written contracts provides specific performance expectations, limits disputes and potential lawsuits

### 5. Disputes with Partners / No (or Poor) Formation Documents

Relationships can & do fail in business

### 4. No (or Poor) Contracts with Third Party Interactions

Requirements clearly defined in contract, defines satisfactory completion, fair & balanced for both parties, avoid "evergreen contracts" (automatic renewal)

## Top Ten Legal Mistakes ABQ Businesses Make

### 3. Doing Things Incorrectly / Illegally

States do not verify what you submit, false filings (follow word of mouth), perform illegal acts

### 2. Improper Classification of Contractors

Who controls what the worker does, do you direct pay the person or through 3<sup>rd</sup> party, type of relationship (written contract)

### 1. Leases – Inexperienced Business Owner

No law protects you from a bad landlord

# Questions - What was not answered?



## What's Next?

For those of you that have signed up for SCORE mentoring, you should have been contacted by a mentor within 72 hours

**If there is a question contact:**

[admin.0067@scorevolunteer.org](mailto:admin.0067@scorevolunteer.org)

Monica (505) 717-4258