

Tips for Starting a Small Business

The 23 million small businesses in this country are responsible for 54% of all U.S. sales, according to the U.S. Small Business Administration (SBA). Do you ever dream of launching your own company? If you do, the Massachusetts Society of CPAs offers this advice to help you get off on the right foot.

Scout the Market

Why do you want to start your own company? Some people do it after they have lost a job or enter retirement. Others have a great idea that they want to turn into a reality. Those are all good reasons to get started, but no matter what your motivation is, it's important that you have a marketable plan in place. Do some research so you'll know whether or not your product or service will fill a market need. That includes checking out the industry to get a sense of its long-term prospects, and learning about the competition that your business will face. If you do this homework and come away confident that you can be a success, it's time to put your ideas down on paper.

Make a Plan

No architect or contractor would begin construction without a blueprint, and a properly researched and developed business plan is the crucial blueprint for your new venture. The business plan should project your expectations and strategies for your company's first three to five years. It should generally include an executive summary that introduces your business, a company description, an analysis of your market, a review of your company executives and of your marketing and sales plans, a discussion of the product or service you plan to sell and financial statements and projections for the business. You will give the business plan to potential lenders or investors, so it should also feature a description of the funding you need to get the company off the ground. Developing the business plan can help you spot the company's strengths and weaknesses and it can serve as a foundation for future planning. Your CPA can help you create a solid business plan.

Zoom in on Your Customer

In researching and creating your business plan, you should develop a sense of the best customer for your product or service. Try to be as specific as possible. If you are going to sell equipment to restaurants, for example, have a good sense of the size and type of restaurant that will most likely need your products. If you're selling skin care to women, give some thought to the age and income range of your target customer. In any case, learn about the potential customers' unique needs and buying habits. These details can help you better plan the development of your product or service and enhance your marketing.

Get Your Prices in Place

Your business planning should also give you a good sense of the annual revenue you will need to cover your costs and make a profit. Your market analysis will tell you the pricing for similar products or services and how much current or potential demand you can expect. Use this and other information to develop prices that will attract customers and provide the revenue you need.

Consult Your CPA

Small business is a robust and growing sector of the economy. In fact, the SBA says that the number of small businesses in America has jumped 49% since 1982. If you'd like to become a small business owner, remember that your CPA can advise you on all the many issues involved, from start-up through long-term growth plans. Be sure to turn to him or her with all your financial questions. To find a CPA in your area, contact the MSCPA at 617.556.4000 or www.msccaonline.org/findcpa.

About the Massachusetts Society of CPAs

The Massachusetts Society of Certified Public Accountants, Inc. is the state professional association of certified public accountants, representing over 11,000 members in public accounting practice, industry and business, government and education. The Society works to develop and maintain high professional standards and offers a wide array of legislative, technical and referral services to its members.