



A FEW THINGS TO THINK ABOUT  
BEFORE TAKING THE BIG LEAP!!

BY JASON  
PARKS

**TEAMIDEAS.COM**

# STARTUP BUSINESS PITFALL GUIDE

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IF I HAVE HELPED 1 PERSON WITH THIS, I HAVE DONE MY JOB!

JASON

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## INTRODUCTION

Well, looks like you are a dreamer like me. I stumbled across experiences for starting up a business by **MAJOR** Trial and Error and also learning from those around me. I wrote this book because I have had an increasing number of clients and friends asking my opinion about starting up their businesses because they **KNOW** that I have tried a ton of business ventures (and **ADVENTURES**) and they also know how much money I have lost and gained during the process. The more that I shared, the more homework I did about the advice I was giving forcing me to absorb more knowledge about the business world. Chances are that if you are reading this e-book, **YOU** are thinking about becoming your own boss and owning your own business. My standard first comment for everyone is “**CAREFUL WHAT YOU WISH FOR**”. According to the SBA, the current stat for success rates for new businesses is 60% percent of startups are shuttered within 4 years. With increasing economy problems (housing woes, unemployment, consumer spending declines) and not to mention diesel and material costs skyrocketing, that figure is sure to rise in the coming years. I hope that this guide can at least show you some things to think about before you get “on the hook” with any major startup commitments (and believe me, there are some doozies!).

Every since I can remember, I have wanted to do huge things in this world and I have always felt like the best way to do that is to control your own destiny. I watched my father work in the Oil & Gas fields of West Texas for 35 years taking orders from young hot-shot bosses whom he really didn't care much about. I am pretty sure that their daily routine wasn't looking out for his best interests either. Seeing my father come home beaten down in oily work clothes unhappy with his day to day routine really stuck in my head. He **ALWAYS** encouraged me to go out and do big things and to this day he still believes in everything that I do.



A little about me, I am proud family man who has been married for 12 years to an awesome woman and we have 2 wonderful kids. I own/have owned several businesses over the years and now I am able to share some of my mistakes with you. I have a degree in communications from Texas Tech University and I have seen ALOT of cubicles over the past 14 years in the "REAL" world. As a computer programmer, I worked for companies such as Ford Motor Co., Jaguar Motors, Flagstar Bank, Bank One, IHS Healthcare and several others. As an entrepreneur, the list is extensive but I will share some of the 'highlights'. I tried to start 3 dotcoms, I started several record labels (some of which are still alive and thriving), I started writing songs/books, I tried to start a recording studio and still have a house full of gear (that my wife reminds me of here and there!) On the low end, I have rented cars, waited tables, tried to sell vacuum cleaners (which sucked..haha), sold Prepaid Legal, and for about a week I tried telemarketing. And I could go on and on but you get the point. I have written countless numbers of business plans (which I encourage you to do **FIRST** if you haven't). I have a [consulting](#) company and I would love to help if you have any questions.

The best parts about my past experiences are exactly that...**EXPERIENCE**. I have learned a little bit about business management, business flow analysis, business accounting, inventory tracking procedures, computer skills you cannot even imagine, marketing, website/graphics design, public relations, advertising, budgeting, and that is just the tip of the iceberg. From all of those years in those jobs, The 4 most important things that I have learned are:

- **PUT GOD AND FAMILY FIRST (DON'T LOSE YOUR SHIRT)**
- **BE HAPPY & CONTROL YOUR OWN DESTINY**
- **THINK POSITIVE!!!!.....NO BUSINESS WILL THRIVE WITHOUT IT.**
- **SURROUND YOURSELF WITH PEOPLE YOU CAN TRUST**

#### **A Quick Note:**

Be very careful about going into business with family and friends. Run the business like a **BUSINESS** and try to separate business and personal (some say an impossible thing to do). I tend to like the method of having an employee policy list and the partners should lead the list by example just like the \$7 an hour guy. No free rides! Always ask yourself, "Would I let the \$7 an hour guy do what I am doing?" Now, I'm **NO** expert for sure but let's get started helping your from some of my fortunate (and unfortunate) past and present experiences.



## What Were They THINKING??

We all have seen that new business crop up in cities/towns only to be shuttered months later. I am the guy that immediately starts to look at new businesses and I begin to calculate whether or not I think they can survive by making a few hypothetical assumptions about their new place. First thing I **ALWAYS** ask is How in the Hell are they going to compete with Wal-Mart. If that is a question you are asking yourself about your potential business op, **STAY WHERE YOUR AT** or keep looking for a better opportunity for a business.

**CASE 1** The Water Store capture population 50,000 people.

Do you know how much bottled water and Ice you would have to sell to keep this afloat (*Pun Intended*)? Man, I would only open one of these stores in the Desert. The sad thing is that it was done the right way as far as building/image/equipment is concerned. It closed in like 4 months and I **BET** that they wish now that they would have done some more demographic homework before they opened and lost who knows how much money.

**LESSON: DO YOUR PROPER DUE DILIGENCE AND  
HOMEWORK BEFORE YOU PULL THE TRIGGER!!!**

**CASE 2** The Fish Store capture population 100,000 people.

They had a very nice store and it was decked out with tons of tanks which required an unbelievable amount of work for someone. The fish ranged from the .99 gold fish to \$100 exotic salt fish. First of all, Wal-Mart has a very nice selection for fish, tanks, rocks, food etc. and it is ALL priced below what The Fish Store was charging. The only advantage that they had was the “Exotic” fish that 99% of us have no idea about. A pet fish is a pet fish is a pet fish to all of us right? Do you know how many fish you would have to sell to make a \$1800 month rent payment? How about money to pay electrical, phone, water, internet, merchant account, computer leases, salaries and that is even BEFORE the owner gets anything. Whew! This was a major mistake and I can’t believe they were even allowed to get financing for this debacle.

**LESSON: DO YOUR PROPER DUE DILIGENCE AND  
HOMEWORK BEFORE YOU PULL THE TRIGGER!!!**

## QUICK GO or NO WORKSHEET

This should show some key questions to determine if you want to go any further. All of these questions are very important and some more than others. This is an opportunity to really be honest with yourself and work on your deficiencies (something I do quite often when I work with clients forming this list!) If you have more than 30% NO's, better consult someone to help clarify or just step away.

### IF YOU ANSWER YES TO ANY OF THESE 3, BE VERY CAUTIOUS!!!

Will it put a strain on your family/friendships? \_\_\_\_\_ Y/N

Are Your Personal Finances in Shape? \_\_\_\_\_ Y/N

Do you know the risks involved? Will you lose your shirt? \_\_\_\_\_ Y/N

Can you make a profit do you know how long will it take to make a profit ? \_\_\_\_\_ Y/N

Is this a fad business that is going to run its course soon? \_\_\_\_\_ Y/N

Can You Manage the Stresses Involved? \_\_\_\_\_ Y/N

Do you have management skills? \_\_\_\_\_ Y/N

Do you work well with other people? \_\_\_\_\_ Y/N

Are you financially responsible? \_\_\_\_\_ Y/N

Are you willing to learn? \_\_\_\_\_ Y/N

Are you a self-starter? \_\_\_\_\_ Y/N

Are you a leader? \_\_\_\_\_ Y/N

Are you organized? \_\_\_\_\_ Y/N

Is the business based on your skills and interests? \_\_\_\_\_ Y/N

Do you Know the Ins and Outs of the Business? \_\_\_\_\_ Y/N

Did you thoroughly research the business idea? \_\_\_\_\_ Y/N

Is it legal? \_\_\_\_\_ Y/N

Do you know who will buy it and how often? \_\_\_\_\_ Y/N

Are you willing to do what it takes to sell the product? \_\_\_\_\_ Y/N

Do you know what will it cost to produce, advertise, sell & deliver? \_\_\_\_\_ Y/N

Do you know the laws will you have to comply with? \_\_\_\_\_ Y/N

Did you study your competition? \_\_\_\_\_ Y/N

Do you take responsibility for your own actions? \_\_\_\_\_ Y/N

Are you a decision maker? \_\_\_\_\_ Y/N

Are you determined? \_\_\_\_\_ Y/N

Are you trustworthy? \_\_\_\_\_ Y/N

Are you open to opportunity? \_\_\_\_\_ Y/N

Are you able to move outside your comfort zone? \_\_\_\_\_ Y/N

Total score

YES=\_\_\_ NO=\_\_\_

## **IDEAS TO MAKE YOUR CURRENT SITUATION BETTER**

If you flunked the check list and have decided not to proceed with a new business, here are some quick ideas to help make things better where you are at.

### **1. How about working to improve your attitude toward your life or work?**

It is SOOO easy to lose focus on the important things in life. Work on your self esteem and try to see the big picture, also stay open-minded and flexible and **THINK POSITIVE!!** All it takes is watching the evening news to know just how good we all have it made in our situations. We could be oppressed with Malaria in Africa with starving children so “Stop and Smell the Roses” with what **YOU** are fortunate enough to have.

### **2. How about working to get promoted in your current job?**

This option lets you work from current strengths to shore up areas where you might need growth, and you can usually keep your current benefits and level of income, as well. **Get a thorough job description.** If you don't have a job description, ask for one, and make sure you and your employer understand and agree. Do everything you can to learn about your company's history, mission, and unique culture. Understand company policies, principles of conduct, dress code, and general business etiquette.

### **3. How about finding a new job?**

This can be much easier than starting a new business. You might even consider getting a part-time job to phase yourself into the full-time role of running your new business. Sometimes just the activity of interviewing with other companies can remind you of your value, and improve your attitude in your current job.

### **4. (For those of you who are thinking about starting a new for-profit business) How about buying an existing business?**

An existing business already has products/services, customers and a financial track record.

## **THE BUSINESS PLAN SKELTON**

Information courtesy of the Small Business Administration [www.sba.gov](http://www.sba.gov)

As I stated before, I think that **THE** most important thing to do before you spend money on a startup business is write a business plan. A business plan is a start to finish roadmap that helps you determine the journey and whether or not you can successfully make the trip worth your while without losing a bunch of money. I am going to put the skeleton of a business plan in this e-book right off the bat. Look through this and I think you should get a picture whether or not you are ready to take on your own business. This skeleton was written and provided by the Small Business Administration.

What goes in a business plan? This is an excellent question. And, it is one that many new and potential small business owners should ask, but oftentimes don't ask. The body of the business plan can be divided into four distinct sections:

- 1) The description of the business,
- 2) The marketing plan,
- 3) The financial management plan and
- 4) The management plan.

# **Business Plan Outline**

## ***I. The Business***

Statement of Purpose

- A. Description of Business
- B. Marketing
- C. Competition
- D. Pricing & Sales
- E. Advertising & Public Relations
- F. Management
- G. Financial Management

## ***II. Financial Data***

- A. Loan applications
- B. Capital equipment and supply list
- C. Balance sheet
- D. Breakeven analysis
- E. Pro-forma income projections (Profit & Loss Statements)  
Three-year summary  
Detail by month, first year  
Detail by quarters, second and third years  
Assumptions upon which projections were based
- F. Pro-forma cash flow

## ***III. Supporting Documents***

- Tax returns of principals for last three years
- Personal financial statement (all banks have these forms)
- In the case of a franchised business, a copy of franchise contract and all supporting documents provided by the franchisor
- Copy of proposed lease or purchase agreement for building space
- Copy of licenses and other legal documents
- Copy of resumes of all principals
- Copies of letters of intent from suppliers

## **A.) Description of Business**

In this section, provide a detailed description of your business. An excellent question to ask yourself is: "What business am I in?" In answering this question include your products, market and services as well as a thorough description of what makes your business unique. Remember, however, that as you develop your business plan, you may have to modify or revise your initial questions.

The business description section is divided into three primary sections. Section 1 actually describes your business, Section 2 the product or service you will be offering and Section 3 the location of your business, and why this location is desirable (if you have a franchise, some franchisors assist in site selection).

### **When describing your business, generally you should explain:**

Legalities - business form: proprietorship, partnership, corporation. The licenses or permits you will need.

Business type: merchandizing, manufacturing or service.  
What your product or service is.

Is it a new independent business, a takeover, an expansion, a franchise?

Why your business will be profitable. What are the growth opportunities?

Will franchising impact on growth opportunities?

When your business will be open (days, hours)?

What you have learned about your kind of business from outside sources (trade suppliers, bankers, other franchise owners, franchisor, publications).

A cover sheet goes before the description. Emphasize any special features that you feel will appeal to customers and explain how and why these features are appealing.

## **B.) Marketing**

Marketing consists of advertising and promoting your product or service in order to sell it. Your business produces goods and services. Marketing is what lets potential customers know that they are available for sale. Sales, advertising, and public relations are each essential components of marketing and each require specialized skills and expertise. While a small business may have only one person performing all these functions under the marketing umbrella, knowledge of each area is important to develop a focused effort.

A focus on what the customer wants and needs is essential to successful marketing efforts. This customer-orientation should go hand-in-hand with the company's objective of maintaining a profitable volume of sales. Marketing is a creative process combining all of the activities needed to accomplish both of these objectives.

The American Marketing Association's definition of marketing is:

"The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives."

You see in the above definition that the process of marketing begins with discovering what product customers want to buy. Providing the features and quality customers want is a critical first step in marketing. you will be facing an uphill battle if you provide something you want to produce and then try to convince someone to buy it.

Once you have a product, you need to determine a price for the product, let potential customers know about your product, and make it available to them. These are often called the four "P's" of marketing:

- **Product**
- **Price**
- **Promotion**
- **Place (how you distribute it)**

## **C.) Competition**

Competition is a way of life. We compete for jobs, promotions, scholarships to institutes of higher learning, in sports-and in almost every aspect of your lives. Nations compete for the consumer in the global marketplace as do individual business owners. Advances in technology can send the profit margins of a successful business into a tailspin causing them to plummet overnight or within a few hours. When considering these and other factors, we can conclude that business is a highly competitive, volatile arena. Because of this volatility and competitiveness, it is important to know your competitors.

Questions like these can help you:

- 1. Who are your five nearest direct competitors?**
- 2. Who are your indirect competitors?**
- 3. How are their businesses: steady? increasing? decreasing?**
- 4. What have you learned from their operations/ advertising?**
- 5. What are their strengths and weaknesses?**
- 6. How does their product or service differ from yours?**

Start a file on each of your competitors. Keep manila envelopes of their advertising and promotional materials and their pricing strategy techniques. Review these files periodically, determining when and how often they advertise, sponsor promotions and offer sales. Study the copy used in the advertising and promotional materials, and their sales strategy. For example, is their copy short? descriptive? catchy? or how much do they reduce prices for sales? Using this technique can help you to understand your competitors better and how they operate their businesses.

## **D) Pricing**

Your pricing strategy is another marketing technique you can use to improve your overall competitiveness. Get a feel for the pricing strategy your competitors are using. That way you can determine if your prices are in line with competitors in your market area and if they are in line with industry averages.

Some of the pricing strategies are:

- Retail cost and pricing
- Competitive position
- Pricing below competition
- Pricing above competition
- Price lining
- Multiple Pricing
- Service Costs and Pricing (for service businesses only)

The key to success is to have a well-planned strategy, to establish your policies and to constantly monitor prices and operating costs to ensure profits. Even in a franchise where the franchisor provides operational procedures and materials, it is a good policy to keep abreast of the changes in the marketplace because these changes can affect your competitiveness and profit margins.

## **E) Advertising and Public Relations**

How you advertise and promote your goods and services may make or break your business. Having a good product or service and not advertising and promoting it is like not having a business at all. Many business owners operate under the mistaken concept that the business will promote itself, and channel money that should be used for advertising and promotions to other areas of the business. Advertising and promotions, however, are the life line of a business and should be treated as such.

Devise a plan that uses advertising and networking as a means to promote your business. Develop short, descriptive copy (text material) that clearly identifies your goods or services, its location and price. Use catchy phrases to arouse the interest of your readers, listeners or viewers. In the case of a franchise, the franchisor will provide advertising and promotional materials as part of the franchise package, you may need approval to use any materials that you and your staff develop. Whether or not this is the case, as a courtesy, allow the franchisor the opportunity to review, comment on and, if required, approve these materials before using them. Make sure the advertisements you create are consistent with the image the franchisor is trying to project. Remember the more care and attention you devote to your marketing program, the more successful your business will be.

## **F) Management**

Managing a business requires more than just the desire to be your own boss. It demands dedication, persistence, the ability to make decisions and the ability to manage both employees and finances. Your management plan, along with your marketing and financial management plans, sets the foundation for and facilitates the success of your business. It's imperative that you know what skills you possess and those you lack since you will have to hire personnel to supply the skills that you lack. Additionally, it is imperative that you know how to manage and treat your employees. Make them a part of the team. Keep them informed of, and get their feedback regarding, changes. Employees oftentimes have excellent ideas that can lead to new market areas, innovations to existing products or services or new product lines or services which can improve your overall competitiveness.

### **Your management plan should answer questions such as:**

- How does your background/business experience help you in this business?
- What are your weaknesses and how can you compensate for them?
- Who will be on the management team?
- What are their strengths/weaknesses?
- What are their duties?
- Are these duties clearly defined?
- If a franchise, what type of assistance can you expect from the franchisor?
- Will this assistance be ongoing?
- What are your current personnel needs?
- What are your plans for hiring and training personnel?
- What salaries, benefits, vacations, holidays will you offer? If a franchise, are these issues covered in the management package the franchisor will provide?
- What benefits, if any, can you afford at this point?

## **G) Financial Management**

Sound financial management is one of the best ways for your business to remain profitable and solvent. How well you manage the finances of your business is the cornerstone of every successful business venture. Each year thousands of potentially successful businesses fail because of poor financial management. As a business owner, you will need to identify and implement policies that will lead to and ensure that you will meet your financial obligations.

To effectively manage your finances, plan a sound, realistic budget by determining the actual amount of money needed to open your business (start-up costs) and the amount needed to keep it open (operating costs). The first step to building a sound financial plan is to devise a start-up budget. Your start-up budget will usually include such one-time-only costs as major equipment, utility deposits, and down payments.

### **Start-up Budget**

- Personnel (costs prior to opening)
- Legal/Professional fees
- Occupancy
- Licenses/Permits
- Equipment
- Insurance
- Supplies
- Advertising/Promotions
- Salaries/Wages
- Accounting
- Income
- Utilities
- Payroll expenses

## Operating Budget

An operating budget is prepared when you are actually ready to open for business. The operating budget will reflect your priorities in terms of how you spend your money, the expenses you will incur and how you will meet those expenses (income). Your operating budget also should include money to cover the first **three to six months of operation**. It should allow for the following expenses.

- Personnel (costs prior to opening)
- Legal/Accounting
- Rent
- Licenses/Permits
- Equipment
- Insurance
- Supplies
- Advertising/Promotions
- Salaries/Wages
- Income
- Utilities
- Payroll expenses
- Depreciation
- Loan Payments
- Miscellaneous expenses
- Supplies
- Utilities
- Dues/Subscriptions/Fees
- Taxes
- Repairs/Maintenance

The financial section of your business plan should include any loan applications you've filed, a capital equipment and supply list, balance sheet, breakeven analysis, pro-forma income projections (profit and loss statement) and pro-forma cash flow. The income statement and cash flow projections should include a three-year summary, detail by month for the first year, and detail by quarter for the second and third years.

The accounting system and the inventory control system that you will be using is generally addressed in this section of the business plan also. If a franchise, the franchisor may stipulate in the franchise contract the type of accounting and inventory systems you may use. If this is the case, he or she should have a system already intact and you will be required to adopt this system. Whether you develop the accounting and inventory systems yourself, have an outside financial advisor develop the systems or the franchisor provides these systems, you will need to acquire a thorough understanding of each segment and how it operates. Your financial advisor can assist you in developing this section of your business plan.

The following questions should help you determine the amount of start-up capital you will need to purchase and open a franchise.

- **How much money do you have?**
- **How much money will you need to purchase the franchise?**
- **How much money will you need for start-up?**
- **How much money will you need to stay in business?**

## Writing Your Business Plan

The funny thing about business plans is that they can either kill ya or make ya stronger or both..ha. If your field of knowledge about the business is strong, the plan will come easily. If you are trying to “break into” a market that is unfamiliar to you (which I don’t recommend unless the circumstances are **VERY** right), it will be an absolute beating to force yourself to gather all of the foreign details about the venture you want to start. Either way, by the end of the plan, the most important thing is to have a clear picture of whether it is smart to do this or not. **IF** you take the time and effort to do it right, I promise you from experience that it will save you a lot of time/heartache and most importantly **MONEY**. I think that the key is to be your own worst critic. You NEED to brutally honest with yourself when you are answering questions from my Startup GO or NO Checklist.

There are some really good Wizard Driven Business Plan software products on the market that will help you with the tough questions and also help you format it so that it can be presentable to bankers/lenders. I have used and like [Business Plan Pro](#) myself and it goes for around \$100 for the standard version. Again, small prices to pay before you go any further.

# **12 Pitfalls of Starting a Business**

*According to Entrepreneur.com Magazine*

## **1.) Buying a job rather than a business.**

Yes, you'll have to be involved in the daily operations at the start, but remember that the ultimate goal is to grow your business into much more than just a job where you work hands-on every day.

## **2.) Work on the business, not just in the business.**

Being a great plumber but having no idea how to run a business that sells plumbing. Your former jobs are all an apprenticeship to running your own business. Be an apprentice in all areas, not just in the trade or profession of your business. Most important, be sure you've paid attention to all aspects of business in your past jobs, no matter what they were.

## **3.) Taking on a business partner.**

Most people give away equity upfront to a partner. Yes, there are examples of partnerships that work, but most don't. Unless you're absolutely sure about your partnership, hire people to help you out instead.

## **4.) Starting a business from scratch rather than buying an existing operation.**

Starting from scratch may seem cheap, but it'll cost you the most expensive asset you have -- time. Buy an undervalued company, and build it up, rather than start from scratch.

## **5.) Thinking the business idea will make the company.**

It's the people who make a business successful, not the product, not the service and not the new invention. Focus on building a great company as much as you do a great product.

## **6.) Thinking too small.**

Many startup entrepreneurs want to generate a wage for themselves and nothing more. Instead, aim to build a profit, aim to build something large, and aim to build something great. If you shoot for the stars, you may fail, but at least you'll make it to the moon.

### **7.) Competing on price and price alone.**

This is by far the fastest way to send you into bankruptcy. Business is about profit, and having smaller revenue with a larger profit margin will always beat out winning tons of business but earning almost no profit. Learn marketing and sales so you can get out of the price wars.

### **8.) Trying to cost-cut your way to success.**

By saving a wage and doing the work yourself, you forget that nobody's out there drumming up new business for you. Focus on bringing in the business, not saving a few pennies.

### **9.) Hiring cheap employees.**

You get what you pay for. Getting the right people is crucial, so don't just hire anyone. Wait until you find the right someone.

### **10.) Focusing on only one area of your business.**

Business success involves three main areas: sales and marketing, finance and administration, and operations. You have to keep all three working and growing in unison, not just the area you're good at.

### **11.) Not testing or measuring anything.**

Knowing your numbers is vital. In fact, you can't manage what you don't measure. Measure everything from day one, from how many new prospects you have to how many sales you make.

### **12.) Doing the work once and getting paid once.**

The key to success is to do the work once and establish a long-term, income-generating relationship. Learn to structure your clients, your business and your income that way, and you'll build a great business.

Does your business pass all of these? You should make sure that you can address these issues **ABSOLUTELY** with flying colors before you go any further. The **MAIN** Goal is to pay the bills and eventually **MAKE** money..not Heartache!!

## RETAIL BRICK & MORTAR VS. E-COMMERCE SELLING

According to [Wikipedia](#), the definitions are as follows:

Brick and mortar (B&M) refers to a company which possesses a building for operations. The phrase can be a misnomer since not all buildings are physically constructed from bricks and mortar.

In the jargon of eCommerce, brick and mortar businesses are companies which have a physical presence (for example, a building made of bricks and mortar) - which offer face-to-face consumer experiences. This term is usually used to contrast with a transitory business or an internet-only presence (see online shop for comparison). An example would be the brick and mortar movie rental shop Blockbuster Video -- the competition from the new online rental services offered by Netflix.

Now, this concept is **HUGE!!** There is an **OLD** SCHOOL and a **RIGHT** SCHOOL of thinking regarding this concept. If you are going to spend the money building a store in a town with 100,000 people, realize how many of those folks will need to come spend money at your store for you to pay your bills AND for you to make a decent salary. Trust me; this calculation alone is a GO or NO that doesn't take very long to pencil.

## **NO BRAINER E-COMMERCE !**

I'll give you a few simple examples **ASSUMING** you will have a steady stream of retail customers.

### ***Widget Store..BRICK AND MORTAR ONLY (no web sales)***

Widgets range from \$5 to \$200 marked up 30%

40 Average Customer will spend \$120 per week (Very Generous)

40 X 120 \$4800 markup @30% **NET** is \$1,440 per week

52 weeks X \$1,440 = \$74,880/yr

Marketing Cost (**newspapers,radio,tv**) \$450 month = \$5,400/yr

Rent \$2,000 month = \$24,000/yr

Insurance \$200 month \$2,400/yr

Phone/Fax \$150 month = \$1,800/yr

**Leftover for you (and/or employees) \$41,280**

### ***Widget Store B&M ALSO WITH E-COMMERCE STORE***

Widgets range from \$5 to \$200 marked up 30%

60 Average Customers will spend \$120 per week (Very Generous)

\$7200 markup @30% **NET** is \$2,160 per week

52 weeks X \$2,160 = \$112,320 /year

Marketing Cost (**Web & Local**) \$1000/month = \$12,000

Rent \$2,000 month = \$24,000/yr

Insurance \$200 month \$2,400/yr

Phone/Fax \$150 month = \$1,800/yr

**Leftover for you (and/or employees) \$ 72,120**

### ***Widget Store E-COMMERCE STORE ONLY***

Widgets range from \$5 to \$200 marked up 30%

80 Average Customer will spend \$120 (Very Generous)

80 per week @ \$9600 markup @30% **NET** is \$2,880 per week

52 weeks X \$2,880 = \$149,760

Warehouse \$150/month (free if your garage is big enough) \$1,800/yr

**Marketing Cost \$2,000/month = \$24,000 (key ingredient!!!)**

Phone/Fax \$100/month \$2,400/yr

Web Store (Yahoo is a good one) \$40/month= \$480/yr

**Leftover for you (and/or employees) \$ 121,080**

**CAN YOU SAY NOOOOOOO BRAINER!!!!!!**

## **“CAREFUL WHAT YOU WISH FOR “**

I will give you a list of things that you need to know about the pains of running your own business. These are issues that I think of everyday and are a pain in my day to day work from the businesses that I am a part of.

### THE PAIN IN THE BUSINESS LIST (In no particular order)

Workers' Compensation Insurance  
Healthcare Insurance  
Fire Insurance  
Liability Insurance  
OSHA requirements  
Federal Taxes  
State and Local Taxes  
Payroll Tax requirements (such as FICA, federal unemployment tax, and state unemployment tax)  
Sales and Use tax  
Accounting Software  
Point of Sale Software  
Equipment (Printers, Plotters, Rollers, Laminators, Cutters)  
Baby Sitting Employees (Sick Again??)  
Profit Margin Fluctuation  
Cost of Outsourcing Jobs  
Labor Costs & Liabilities  
Material Costs & Their Adjustments  
Accounting Fees  
Legal Fees  
Business Loans  
Lines of Credit  
Personal Credit Liabilities  
90 Hour Work Weeks

I'm sure there is more! Feel free to e-mail me your additions

[Jason@teamideas.com](mailto:Jason@teamideas.com)

## CONCLUSION

Owning your own business is a tremendous responsibility. As you can tell by the Pain list, there are many worries that a business owner must keep in mind everyday to make sure the business stays afloat. No doubt you should keep in mind that you will work harder and longer than you ever thought possible when you do bail off that ownership cliff. Regardless if you are looking to open services, retail, food or even a web store, you should be expecting to have many of the problems on the Pain list! Sometimes I do miss the days where every other Friday, It rained down money into my checking account. Granted, I was chained in a cube but I was able to forget about work when I walked out the door until the next day.

*Repeat after me:*

### **YOU WILL NOT HAVE THAT LUXURY IF YOU START YOUR OWN BUSINESS!!!!**

Again, I go back to my original thoughts before you make that decision. Is this a business where I can:

- **PUT GOD AND FAMILY FIRST (DON'T LOSE YOUR SHIRT)**
- **BE HAPPY & CONTROL YOUR OWN DESTINY**
- **THINK POSITIVE!!!!.....NO BUSINESS WILL THRIVE WITHOUT IT.**
- **SURROUND YOURSELF WITH PEOPLE YOU CAN TRUST**

***GOOD LUCK AND GOD BLESS!***

JASON 815-301-3951

## **MY CONSULTING SITE**



The banner features the Team Ideas Business Services logo on the left, which includes a stylized 'E' icon. To the right of the logo, the text 'Team Ideas Business Services' is displayed. Further right, the website address 'www.teamideas.com' is prominently shown. Below this, a list of services is provided: software development, web design, 3-D animation, business startups, web marketing, and business process auditing. The background of the banner is a blue gradient with a 3D architectural rendering of a modern building.

**Team Ideas**  
Business Services

**www.teamideas.com**

software development  
web design 3-D animation  
business startups web marketing  
business process auditing

[www.teamideas.com](http://www.teamideas.com)