

Starting a new business? Rock It in Reidsville!

Reidsville City Hall • 230 W. Morehead St. • Reidsville, NC 27320 • www.ci.reidsville.nc.us

So you are starting a new business? *Congratulations!* There are infinite resources to assist you and we are excited to help. Our business community is diverse, and we are sure that you'll fit in here, exactly where you need to be ... we want you to **Rock It in Reidsville!**

Attached is a package of information that you will find helpful along your journey. These resources are the local, regional, state, and even federal agencies that will help you start and/or grow – and best of all ... all you have to do is call us first to get started.

Running your own business is exciting — and sometimes overwhelming. We want to make it as fruitful as possible. We can assist with a business plan, tax information, legal references, financial planning, marketing, and many other necessities to help you succeed.

Please call or visit if you need assistance. *We are here to help!*

Jeff Garstka
Economic Development Director
(336) 347-2307
jgarstka@reidsvillenc.gov



New Business Resources offered by Reidsville's Economic Development office:

- Business Plan assistance
- Traditional and Non-traditional Financing Resources
- Financial Incentives (Grants and Tax Incentives)
- Networking and Marketing Opportunities
- Market Research and Analysis, including local demographic research
- Small Business Center training/workshops
- Workforce Recruitment and Training



QUICK FACTS	Reidsville	Rockingham County
Population	City: 14,205 3-Mile Radius: 29,649 5-Mile Radius: 38,530	92,300
Property Tax Rate	\$0.740 per \$100 valuation	\$0.696 per \$100 valuation
Median Household Income	\$35,617	\$38,126
Median Home Value	\$106,800	\$106,700
Home Ownership	51.0%	68.8%
Cost of Living Index	80.30	82.60
Poverty Level	19.9%	18.4%
Area / Sq. Miles	16.07 sq. mi.	565.55 sq. mi.
Population Density	965 per sq mile	156 per sq mile
Median Age	45.1	43.6
High School Graduation Rate	87.5%	80.4%
Unemployment Rate	4.8%	4.8%

Reidsville City Awards:

All-America City 2008

NC Certified Retirement Community

American Association of Retirement Communities "Seal of Approval" (2017)

(Reidsville is the only NC city to receive the AARC's "Seal of Approval")

NC Main Street Community Since 1984

2017 Playful City USA

Utilities

- City Water, Sewer and Sanitation
- Duke Energy
- Piedmont Natural Gas
- High Speed Fiber

Unique Establishments

- Historic Penn House *(wedding and event venue)*
- Historic Gov. Reid House
- Reidsville Center for Adult Enterprises (RCARE)
Active Adult "Senior Center"
- Pennrose Park Country Club
(9-hole course designed by Donald Ross)

ISO Fire Rating: 4



Top 5 Private Employers:

- Keystone Foods (450 employees)
- Henniges Automotive (425 employees)
- UNIFI, Inc. (250 employees)
- Albaad, USA (225 employees)
- Amcor Packaging (200 employees)

25 Public Schools K-13 in Rockingham County:

15 Elementary Schools (PreK-grade 5)

4 Middle Schools (grades 6-8)

4 High Schools (grades 9-12)

1 Early College (grades 9-13)

1 Alternative School

Reidsville Schools:

- Lincoln Elementary School
- Monroeton Elementary School
- Moss Street Elementary School (UNCG Lab School)
- South End Elementary School
- Williamsburg Elementary School
- Reidsville Middle School
- Rockingham County Middle School
- Reidsville High School
- Rockingham County High School

Charter / Private Schools

- Reidsville Baptist (grades K-12)
- Community Baptist (grades K-12)
- Bethany Community Middle School (grades 6-8)

Higher Education

- Rockingham Community College

Outdoor Recreation

- Lake Reidsville: Camping, Boating/Fishing, Disc Golf, biking and walking trails (3.0 miles)
- Lake Hunt: Boating, Fishing
- 10 City Parks
- Paved Trails: Jaycee (1.6 mile) & Sherwood (1.3 mile) Parks
- City Youth and Adult Recreational Sports Leagues

Tax Incentives and Grants:

Local Tax Incentives: The City of Reidsville and Rockingham County work closely together to craft individualized incentives for new and expanding businesses.

State of North Carolina Incentives: The State of North Carolina offers a variety of loans, grants, and other incentives for new and expanding businesses.

Downtown Building Rehabilitation Grant: We encourage you to start your business in our flourishing downtown, and we'll help you! Apply for a Renovation Grant to assist with façade improvements and other interior/exterior renovation costs. Grants are a 50% reimbursement for the first \$10,000 spent and 20% reimbursement for \$10,001-\$60,000 spent (maximum \$15,000 grant award).

For information on any of these incentives, contact Jeff Garstka:
(336) 347-2307 or JGarstka@ReidsvilleNC.gov

Already in Business ... & Growing?

It is paramount to the City of Reidsville to retain our businesses and to help them grow! Your needs as a local business are important to us, as the City wants you to become stronger and more efficient.

Ways in Which We Can Help You to **Rock It in Reidsville:**

- **Connecting allies** that provide services and programs in areas such as training, grants, financing, government contracting, technical assistance, export/international trade.
- **Supporting business expansion needs** for both real and personal property including financing, tax credits, utility and infrastructure support, worker training and recruiting.
- **Providing custom research** and current data on business and statistical information such as area demographics, wage information, occupational and other trends.
- **Encouraging communication in the business community** through visits, networking opportunities, press releases and focused seminars.

City Hall is your one-stop portal to programs and resources offered through partnerships with local, regional, and state allies which may help your business **Rock It in Reidsville!**

To schedule an appointment to discuss your new or expanding business, please contact: Jeff Garstka, Economic Development Director, (336) 347-2307 or jgarstka@reidsvillenc.gov

State of North Carolina Resources

SBTDC: North Carolina's Small Business and Technology Development Center (SBTDC) is an extension of The University of North Carolina system. The SBTDC is committed to providing services that enable existing small and mid-sized businesses, entrepreneurs and local/state leaders to innovate and succeed. Learn more about their resources at www.sbtdc.org

Rockingham County is served by the Greensboro office via NC A&T State University:
<http://www.sbtdc.org/offices/ncat-uncg/>

Programs offered include:

- Business and Management Advice
- Financial Assistance and Analysis
- Marketing Assistance and Market Research
- Research
- Strategy Development
- Leadership and Employee Performance

EDPNC: The Economic Development Partnership of North Carolina is a public-private partnership focused on the recruitment of new businesses and the expansion/retention of existing businesses across North Carolina. With a regional office in Greensboro, the EDPNC offers a variety of grants, incentives and other assistance for small and large companies. www.edpnc.com

North Carolina Rural Center Microloan Program offers several loan options for new and expanding businesses. The N.C. Small Businesses Credit Initiative helps make capital available for business startups and expansions across the state. The Microenterprise Loan Program works with individuals who have sound ideas for starting or expanding a small business but may not qualify for bank loans. www.ncruralcenter.org

Building Reuse Program, N.C. Department of Commerce provides funding for job creation taking place in vacant buildings. Buildings must have been vacant for at least three months prior to application deadlines. Mixed-use or adaptive reuse projects that include housing may be eligible, provided the building will be occupied by at least one private company committed to creating new jobs. Priority will be given to projects that create five (5) or more new full-time jobs. The renovation project must begin within six months of the grant award and should be completed within 18 months.

<https://www.nccommerce.com/ruraldevelopment/rural-grants-programs/building-reuse>

North Carolina State Historic Preservation Office (SHPO) provides resources on historic properties, including preservation, restoration, reuse and tax credit information. www.hpo.ncdcr.gov
Contact Jenn Brosz, (919) 807-6587 or jenn.brosz@ncdcr.gov

Historic Tax Credits are a useful tool to offset federal income tax liabilities for projects that result in the reuse of buildings on the National Historic Register. We can assist you with the appropriate contacts to help you through this beneficial, yet complex process.

N.C. Main Street Program: Reidsville has been a NC Main Street designated community since 1984. Through the local government, the NC Main Street Center offers financial, technical and other resources to businesses which locate in the downtown area. Grant opportunities include building rehabilitation assistance, infrastructure upgrades, historic preservation projects and other downtown revitalization efforts. www.nccommerce.com/rd/main-street

Local Resources

The City of Reidsville: Regardless of whether you need help with local organizations, statewide agencies or even federal offices, we encourage you to make your first phone call to the City of Reidsville's Economic Development Director Jeff Garstka, (336) 347-2307 or jgarstka@reidsvillenc.gov

Incentives offered by the City of Reidsville include:

- **Recruitment/Expansion Incentives:** The Reidsville Economic Development Department manages various incentive programs, along with the Rockingham County Center for Economic Development, Tourism and Small Business. Projects involving job creation and tax base expansion may be eligible for local, state and utility provider incentives.
- **Small Business Loans:** The City of Reidsville has a small business revolving loan program to assist small businesses with the necessary startup capital to help businesses succeed and grow.
- **Downtown Revitalization Grant:** We offer grant opportunities for businesses in our flourishing downtown area. Grants support exterior and/or interior of a vacant property. Our "façade" grant program is a great way to supplement the necessary capital it takes to get your business started.
- **Center City Incentive Grant:** For properties in the downtown area and within our Urban Redevelopment Zone, we offer a unique tax incentive for industrial, commercial, retail and multi-family redevelopment. Ask us to find out if your property is within the URZ.
- **Planning/Zoning/Inspections:** The City of Reidsville Planning and Zoning office is available for consultation regarding potential projects within the City of Reidsville. We want to ensure your project is up and running as quickly, efficiently, and safely as possible! Contact Donna Setliff, (336) 349-1065 or dsetliff@reidsvillenc.gov

Reidsville Chamber of Commerce is a great resource for small and large businesses. The Chamber provides various networking opportunities, business-to-business seminars, member Ribbon Cuttings, lobbying services and other business-support services. The Chamber is also the host site of the SCORE program (www.score.org) as well as the Reidsville Visitors Center. www.reidsvillechamber.org

Rockingham County Community College: North Carolina has long been known to have one of the most innovative community college systems in the country. RCC offers customized employee training on-site and off-site for small and large companies, continuing education classes, degree programs and certifications as well as small business support services. www.rockinghamcc.edu

Small Business Resources: Contact information

Offering assistance with small business opportunities, business plans, available properties, and financing options.

Federal Tax ID Number: www.irs.gov —> Online EIN application

North Carolina Tax ID Number: www.dornc.com —> Form NC - BR for sales and use and income tax withholding.

Reidsville Chamber of Commerce: (336) 349-8481

Rockingham Community College: Vu Donie, (336) 342-4261

Business Name Registration: Rockingham County Register of Deeds: There is a registration fee. (See Certificate of Assumed Name.)

City of Reidsville Requirements: For all business registrations, required sign permits, building permits and inspections and zoning compliance, contact Donna Setliff, (336) 349-1065

Rockingham County Tax Listing for Personal Property: Every business must list all business property every January. Contact Mark McClintock, Tax Administrator, (336)342-8382

Health Department Inspections: For food-service businesses; businesses must schedule appointments.

Rockingham County Health and Human Services, (336) 342-8140

<http://www.rockinghamcountypublichealth.org/pview.aspx?id=15219&catid=0>

NC Department of Agriculture: For commercial bakeries and home-based food businesses, (919) 733-7366

SCORE is America's premier source of free business mentoring and education. Call (336) 333-5399 or visit www.score.org for free, confidential advice.

North Carolina Department of Commerce Business Link offers the business community a centralized information source for business start-up information, existing industry resources and state business regulations, 800-228-8443 or www.blnc.gov

BUSINESS STARTUP CHECKLIST

After you evaluate your business idea, determine startup costs and research the market, you'll be ready to take on the next steps to starting your business.

	Prepare a <u>business plan</u> that outlines the business's goals, operating procedures, and competitors, as well as the company's current and desired funding.
	<u>Register business name</u> at Register of Deeds office.
	<u>Incorporate your business or form an LLC</u> . It provides the owner with personal asset protection from the debts and liabilities of the company.
	Obtain your <u>federal tax identification number</u> (also called employer identification number or EIN). This is used by the IRS to identify a business for taxation matters.
	Obtain a <u>state tax identification number</u> . Contact your state's taxation department to determine whether your state of formation imposes this requirement.
	Obtain the <u>necessary permits</u> . Licenses may be required by your city, municipality, county and/or state. Contact your Secretary of State and local government to ensure you meet any requirements.
	Select an <u>accountant</u> and <u>attorney</u> you can turn to for advice when starting out, as well as throughout the life of the business.
	Just like every personal relationship has its ups and downs, so do business partnerships. Before you tie the knot (so to speak), enter into what is known as a <u>partnership agreement</u> to protect yourself and your business.
	Open a <u>business bank account</u> and obtain a <u>business credit card</u> . Contact your bank about business banking requirements to ensure you have all the necessary paperwork.
	Set up your <u>business accounting/bookkeeping</u> . Be prepared to account for all disbursements, payments received, invoices, accounts receivable/payable, etc.
	Obtain <u>business insurance</u> . Discuss your particular industry and business needs with your insurance agent to obtain the appropriate type / amount of insurance.
	Ensure you comply with <u>government requirements</u> (e.g., unemployment insurance, worker's compensation, OSHA, payroll tax requirements, self-employment taxes, etc.).
	Determine your <u>business location</u> and take these steps: <ul style="list-style-type: none"> • Home-based: Check zoning requirements • Other location: Lease office or retail space and obtain necessary furniture, equipment and supplies.
	<u>Create any necessary forms</u> such as contracts, service agreements and invoices so you can easily bill customers, track payments and keep records.
	Obtain business <u>financing</u> .
	Create a <u>logo, business cards, letterhead, envelopes</u> , etc., to build business identity.
	Secure your company's website <u>domain name</u> . <u>Create a website</u> . A company website allows you to establish your brand and will be the first opportunity to make an impression with customers.
	<u>Create a marketing plan</u> for your products and services. Increase the likelihood for success with a plan for promoting your products / services to a target market.

BUSINESS PLAN OUTLINE for New Businesses

I. EXECUTIVE SUMMARY

A brief summary of the business including: type of business, brief description of the business, its products/services and owners, form of organization. For the loan you are seeking, include the amount requested, the use of the loan, and your equity investment. Please limit information to one (1) page. You may/will need to revise and update after completing entire business plan.

II. PRODUCT OR SERVICE

Detailed descriptions of the product or service (include an example or photo if possible). Do you have suppliers identified and what are the terms you have with those suppliers? 30-60 day accounts or COD? What are the terms you will have with your customers? Cash basis or accounts receivable?

A. If you are selling a product: Key suppliers and your terms and arrangements with them.

B. If you are selling a service: Which services will be provided at the business location and which will be delivered “in the field.”

III. MARKETING STRATEGY

A. Target market/customer profile: Specify age, gender, income, preferences, location, etc.

B. Industry analysis: What are the trends in your industry?

C. Market analysis: Total market size and the share you will capture, seasonality, unique aspects.

D. Describe the “five P’s” for your business:

1. Product: how you will design and package your product/service

2. Price: how you will price your product/service

3. Place: how products (and related services) are distributed to the consumer

4. Promotion: what media and marketing methods you will use to generate awareness and interest about your product/service; include examples of your promotional materials (brochures, website, print ads, copy for radio ads, calendar of events for special/regular promotions, etc.)

5. People: sales force; those who will be responsible for marketing your product/service

E. Competition: list of competitors by name, location, and their strengths and weaknesses; how you will succeed against them; how they will react to your entry into the market.

IV. OPERATIONS

A. Legal structure and why you chose it.

B. Management and personnel

1. Who are the key managers/owners, and what relevant experience and background do they bring to the business? (include résumés)

2. Describe non-management positions, responsibilities/qualifications, and personnel policies

C. Customer service: procedures and policies regarding your work and how you will treat customers

D. Location and operations

1. Your facility, including a store layout, description of business image, hours of operation
2. Operations plan: how you will deliver your product/service to the customer, from start to finish (who does what tasks, how long it takes, etc.)
3. Renovations and equipment list (including prices and condition—new or used)
4. Taxes to be paid (collected sales tax?), licenses required, and insurance needed

E. Exit Strategy: Life happens. What will happen to the business in case of emergency?

F. Partnership Agreement: Do you have a partner and Partnership Agreement everyone agrees to?

V. FINANCIALS

A. Cash flow projections for three years (Please use your best estimates.)

1. Loan amortization schedule
2. Detailed assumptions for each line item

B. Break-even analysis

C. Personal financial statement for all owners, co-signers

D. Risk factors: Identify major risks and describe how business will overcome them.

EXPERT ADVICE: 10 Tips to Craft a Strong Business Plan

The Staff of Entrepreneur Media, Inc. January 15, 2015

*In their book **Write Your Business Plan**, the staff of Entrepreneur Media, Inc. offer an in-depth understanding of what's essential to any business plan, what's appropriate for your venture, and what it takes to ensure success. In this edited excerpt, guest contributor Kaye Vivian, an expert in writing business plans, offers advice on how you can improve your business plan content and presentation.*

When it comes to content, these 10 tips will help:

1. Know your competition. Be prepared to name them and tell what makes you different from (and better than) each of them. But do not disparage your competition.

2. Know your audience. You'll probably want several versions of your business plan—one for bankers or venture capitalists, one for individual investors, one for companies that may want to do a joint venture with you rather than fund you, etc.

3. Have proof to back up every claim you make. If you expect to be the leader in your field in six months, you have to say why you think so. If you say your product will take the market by storm, you have to support this statement with facts. If you say your management team is fully qualified to make the business a success, be sure staff résumés demonstrate the experience needed.

4. Be conservative in all financial estimates and projections. If you feel certain you'll capture 50 percent of the market in the first year, you can say why you think so and hint at what those numbers may be. But make your financial projections more conservative—for example, a 10 percent market share is much more credible.

5. Be realistic with time and resources available. If you're working with a big company now, you may think things will happen faster than they will once you have to buy the supplies, write the checks and answer the phones yourself. Being overly optimistic with time and resources is a common error entrepreneurs make. Being realistic is important because it lends credibility to your presentation. Always assume things will take 15 percent longer than you anticipated. Therefore, 20 weeks is now 23 weeks.

6. Be logical. Think like a banker, and write what they would want to see.

7. Have a strong management team. Make sure it has good credentials and expertise. Your team members don't have to have worked in the field, but you do need to draw parallels between what they've done and the skills needed to make your venture succeed. Don't have all the skills you need? Consider adding an advisory board of people skilled in your field, and include their resumes.

8. Document why your idea will work. Have others done something similar that was successful? Have you made a prototype? Include all the variables that can have an impact on the result or outcome of your idea. Show why some of the variables don't apply to your situation or explain how you intend to overcome them or make them better.

9. Describe your facilities and location for performing the work. If you'll need to expand, discuss when, where and why.

10. Know what is legally required. Talk to a CPA or accountant about tax requirements and basic bookkeeping. Research licenses and permits that are required by local, state and federal government. Make an appointment with an attorney to determine the best ownership structure. Talk to your insurance agent about insurance, especially liability insurance. Take a REAL Entrepreneurship class! It's free!

And here's what *not* to include in your business plan:

1. Form over substance. If it looks good but doesn't have a solid basis in fact and research, you might as well save your energy.

2. Empty claims. If you make a statement without supporting it, you may as well leave it out. You need to follow up what you say in the next sentence with a statistic, fact or even a quote from a knowledgeable source that supports the claim.

3. Rumors about the competition. If you know for sure a competitor is going out of business, you can allude to it, but avoid listing its weaknesses or hearsay. Stick to facts.

4. Superlatives and strong adjectives. Words like "major," "incredible," "amazing," "outstanding," "unbelievable," "terrific," "great," "most," "best" and "fabulous" don't have a place in a business plan. Avoid "unique" unless you can demonstrate with facts that the product or service is truly one of a kind. (Hint: Chances are, it isn't.)

5. Long documents. If readers want more, they'll ask.

6. Overestimating on your financial projections. Sure you want to look good, but resist optimism here. Use half of what you think is reasonable. It's better to underestimate than set expectations that aren't fulfilled.

7. Overly optimistic time frames. Ask around or do research on the Internet. If it takes most companies six to 12 months to get up and running, that's what it'll take yours. If you think it'll take three months to develop your prototype, double it. You'll face delays you don't know about yet—ones you can't control. Remember to be conservative in your time predictions.

8. Gimmicks. Serious investors want facts, not gimmicks. They may eat the chocolate rose that accompanies the business plan for your new florist shop, but it won't make them any more interested in investing in the venture.

9. Amateurish financial projections. Spend some money and get an accountant to do these for you. They'll help you think through the financial side of your venture, plus put the numbers into a standard business format that a businessperson expects.

10. Unrealistic Partnerships. For every successful partnership, there are more than 10 failures. Have a signed, agreed partnership agreement while you are still friends in your business plan.

HOW TO PREPARE A MARKETING PLAN

Businesses with the most successful marketing campaigns never just stick with one tactic. They follow a marketing plan which enables them to try new things and analyze the results. They're constantly trying new approaches to see what gives them the highest response rate such as A/B testing and other analyses.

Marketing Plan Checklist

1. Describe your **market** and the characteristics and size of each market segment; review key market trends.
2. Research what **customers value**, such as product features, quality, service, image.
3. Compare the **distribution channels** for reaching customers (eg direct sales or through retailers).
4. Profile your **competitors** and what they're offering.
5. Identify other key factors influencing your business environment; carry out a **SWOT analysis** of your competitive position (Strengths, Weaknesses, Opportunities, Threats).
6. Review the effectiveness of **previous marketing** initiatives such as advertising campaigns or seasonal sales.
7. Assess the **profitability** and sales potential of different customers and market segments, and of different products or activities.
8. Decide who to **target** among both existing and potential customers; decide which products to push and those which need updating or replacing.
9. Set specific **objectives**: for example, retaining existing customers, increasing order sizes, selling new products or winning new customers.
10. Decide how you will **price** each product or service.
11. Decide how you will distribute and **sell**; plan how to improve customer service and satisfaction.
12. Plan how you will **promote** your products or services, and how you will keep in touch with customers.
13. Identify customers' purchasing cycles to **timetable** marketing activities.
14. Confirm the **implications** of your marketing plan for the rest of your business: production and training requirements, for instance.
15. Prepare realistic sales forecasts and **budgets**.
16. Include key indicators (eg new enquiries, conversion rates, customers lost, average order value) and a system for **measuring** them in your plan.

CARDINAL RULES OF YOUR MARKETING PLAN

DO: Base your plan on solid **market research**
Focus on **target customers**
Build an action plan to achieve specific **objectives**
Learn from experience
Measure the effectiveness of your plan

DON'T: **Spread** your efforts too widely
Make plans you can't **fulfill**
Make **unrealistic** assumptions and forecasts

MARKETING PLAN: Company Name: _____ Year: _____

QUESTION	ANSWER
1) Objectives What are the specific goals of your business this year?	
2) Your Product/Service What product or service do you offer?	
3) Customers Who buys (or should buy) your product? What do they need it for?	
4) Competitors Who are your top competitors and what are their strengths?	
5) Positioning Given your competition, what makes your business great and unique to customers?	
6) Pricing How will you price your product?	
7) Sales & Support How and where will you sell and service the product?	
8) Promotion How will people find out about you and your product?	
9) Budget How much money do you have to promote the product?	
10) Action Plan What will you do and when to sell and promote your product?	

What will set your business apart from your competitors?

GREAT CUSTOMER SERVICE.

Good customer service is the lifeblood of any business.

Good customer service is all about bringing customers back.

1. Answer your phone.
2. Don't make promises unless you WILL keep them.
3. Listen to your customers.
4. Deal with complaints.
5. Be helpful - even if there's no immediate profit in it.
6. Train your staff (if you have any) to be ALWAYS helpful, courteous, and knowledgeable.
7. Take the extra step.
8. Throw in something extra. Under promise. Over deliver.

5 SECRETS OF GOOD CUSTOMER SERVICE

Customer Service Secret Number One: Build Business to Customer Loyalty.

Customer Service Secret Number Two: Provide true customer service.

Customer Service Secret Number Three: "The Customer Is always Right."

If a customer comes to you about a complaint, be very serious about how you handle it. First, calm him with words and action and show that you are serious about doing something to correct the problem. Even if it is obvious that he's wrong, sometimes it's better for repeat business to take the loss and compensate the customer.

Customer Service Secret Number Four: Be honest with your customers.

Customer Service Secret Number Five: Educate your staff to be equally as concerned about your customers as you are.



THE ELEVATOR SPEECH

Telling Your Business Story in 60 Seconds

- What do you do?
- What problem do you solve?
- Why are you different?
- Why should I care?

Prepare one sentence for each question for a one minute story of your business.

8 MISTAKES OF NEWBIE ENTREPRENEURS

BY DANA BROWNLEE March 7, 2014 www.entrepreneur.com

Most entrepreneurs are familiar with the ridiculously high percentage of small businesses that will fail in the first couple years. The business owners who survived the odds will tell you that they didn't achieve success on sheer passion alone. It took hard work, and in most situations, it didn't happen overnight.

After spending the last decade running my own business consulting for companies and corporations, I have witnessed it all. Here are seven of the most common mistakes I've seen newbie entrepreneurs make with alarming consistency.

1. Not setting aside enough cash reserves to support yourself. I believe that one of the reasons why so many small businesses fail within the first few years is NOT because the business model isn't viable or the entrepreneur isn't "good enough" to make the business work, but it's the fact the financial ramp up time is a firm reality. Most entrepreneurs simply run out of money to support the business and/or themselves before the business is profitable enough to sustain itself.

***Tip:** Proactively set up a special fund intended to support yourself during the business startup phase. Be conscious of what you put into this fund as you may want to strive for an amount that can fully support you for a year or two to relieve pressure as you ramp up.*

2. Using assumptions that are overly optimistic during planning. I see so many newbie entrepreneurs fall into this trap. They have a great idea and convinced their friends and family that it's a no-brainer. They jump into the fray only to realize there were a few not-so-little details that they failed to consider or a few areas where their assumptions were overly optimistic and before they know it, that "no-brainer" business is hanging by a thread.

Be honest with yourself. Are you underestimating the time required to get the first client? Are you overestimating the demand for the product? Are you assuming zero risk by not allowing for what could go wrong?

***Tip:** Find three to five completely objective people (not friends or family) and specifically ask them to play devil's advocate to you to help identify vulnerabilities, then take steps to mitigate those.*

3. Not properly evaluating your business model. Not everyone incorporates a business model into their planning. It's so easy to get really lathered up around the concept of your business, but it's quite another thing to put pen to paper to help you objectively evaluate your overall business model and its profit potential. The simple truth is that having a great idea is just a start – it doesn't necessarily translate into a profitable model.

***Tip:** Consider SCORE or a small-business development center to evaluate the business model and offer expert advice. Their perspective could identify a more viable structure that makes better business sense than what you've already established.*

4. Trying to do everything yourself to save money. If you try to do EVERYTHING yourself, you'll not only run yourself into the ground, your business will suffer, because you don't bring sufficient expertise in every area. Your time is money. Think about where you must personally invest your energies. Should you be developing and refining your content, products and services, cultivating relationships with key clients and stakeholders, developing credibility within your industry? No one can do this for you. That said, others can develop your website, handle your public relations, develop

templates for your newsletters, make trips to printers and copiers and perform random administrative functions. Utilize them.

Tip: *The key is identifying what to outsource and what to keep. A good rule of thumb is if it's not part of the core competency of your specific business, you have little expertise in the area, it's time consuming and there are many suppliers who can provide the service at a reasonable cost, consider outsourcing.*

5. Not being willing to work like a dog during the early days. I'm amazed how often I run into people who've recently launched their businesses, but they seem shocked that they're not making six figures while working a 25-hour work week. They seem to have this glamorous view of entrepreneurship where they get to start at the top and skip all the hard work. The simple truth is if you want to make it, most startup businesses have to hustle early on. This might mean working another job while you're starting your business, volunteering or doing some work for free to gain experience and exposure. It also may mean working nights and weekends.

Tip: *Before jumping into the startup world, really evaluate your current lifestyle and realize you will most likely being given up a huge chunk, if not all, your free time.*

6. Pricing your product or services too low or high. In my business I often respond to request for proposals. Years ago, I'd been submitting proposal responses annually to a large governmental agency. After about four years of consistent rejections, I got a tip from a colleague that my pricing was too low to be considered seriously. That year I doubled my pricing on the same classes and was selected for the first time. On the other end of the spectrum, you don't want to charge \$20,000 a day and expect to get the job.

Tip: *Research what others are charging. It's much smarter to offer value pricing initially, prove your value and then raise prices over time. In many cases asking clients for their budget will not only give you an idea of what to charge, but it could minimize the risk of severely underpricing or over pricing your product or services. You may also consider providing different pricing options to increase the likelihood that you're offering something within your client's price range.*

7. Not having a growth strategy. We all know of a restaurant that was great when it first opened but after expanding the food or service went downhill. They then developed a bad reputation and eventually closed. Don't be that business. While most small businesses think the goal is to win as much business as they can, this isn't necessarily true. Sometimes, you can attract too much business and then have a completely different challenge that could threaten the longer term viability of the business completely.

Tip: *Think about how you want to grow and develop a high-level growth strategy fairly early on (even if it changes as time progresses).*

8. Not having a Partnership Agreement and exit strategy. Like a marriage, a business partnership often begins with enthusiasm and high expectations -- only to end in acrimony and legal proceedings. It's important to know as much as possible about a potential partner, including how his or her finances and family life may affect the business, before signing on the dotted line. Life happens and it is good business management to have a prepared exit strategy, with or without a partner.

Tip: *Think about worst case scenario and the best solution for everyone. Better to be prepared with reasonable thought and while everyone is in agreement.*