



SOUTH CAROLINA FAMILY AND COMMUNITY LEADERS

Affiliated with National Volunteer Outreach Network, Country Women's Council, U.S.A.,
Associated Country Women of the World and in partnership with Clemson University Cooperative
Extension Service

SCFCL WEBSITE: <http://clemson.edu/fyd/fcl.htm>

Leader Training Guide

Are you ready to turn your hobby or your dream into a business?

Objective: To identify resources available to help you answer questions as you consider taking your hobby or your dream and turning it into a successful small business.

Lesson Overview/Introduction:

Many small businesses begin as someone's hobby that grew or someone's dream that came to life. Often times during a downturn in the economy, when unemployment is high, people look to starting a small business as a way to supplement income. However, starting a small business and developing a successful small business are two different under-takings. A successful business requires careful planning and research, financial stability, and long hours of work before the business opens. There are many resources available to assist a potential business owner that will greatly increase the chance for success.

Lesson:

Leader ask – Do you know someone who has started a small business that developed from a hobby? How did they start it?

Many times small businesses that begin as a hobby are home-based. In other words, they operate from the home. Here are some examples: landscaping, alterations, greenhouse plants, seamstress, window treatments, home repairs, food products, interior design, lawn maintenance, roadside stands, artists, cut fresh flowers, machine repair, computer technology, etc.

Sometimes the business outgrows their home. Sometimes it does not. But, always, it does require more attention, more planning, and more protection for the owners. It's not a hobby any more, it is a business.

For people with great cooking talents that have a special sauce, salsa, jam, cake, or bread that would like to mass produce the product, there are many regulations that must be met for food items. Food may not be manufactured in the home for distribution. There are federal and state regulations that must be met. However, these regulations are for the safety and protection of the business owner as well as the public.

Here are some interesting statistics regarding small business growth in the United States.

The latest statistics from the Small Business Administration (SBA) show that "two-thirds of new employer establishments survive at least two years, and 44 percent survive at least four years."

According to an article on the Kaufman Foundation website, business startups are on the increase. "Rather than making history for its deep recession and record unemployment, 2009 might instead be remembered as the year business startups reached their highest level in 14 years – even exceeding the number of startups during the peak 1999-2000 technology boom."

The Kauffman Index of Entrepreneurial Activity states, entrepreneurship growth was highest among 35-44 year-olds, rising from 0.35 in 2008 to 0.40 in 2009. The oldest age group in the study (55-64 years) also experienced a large increase in business-creation rates from 2008-2009, contributing to a two-year upward trend to 0.40.

LEADER: Ask – Have you ever wished you owned your own business so you could be your own boss, work when you want to work, and make a lot of money? Do you think it really turns out this way for the business owner?

When considering the startup of a business, conducting research on businesses that have failed and businesses that have succeeded is a good way to learn.

Patricia Schaefer, staff writer for Business Know-How wrote an article, "The Seven Pitfalls of Business Failure." A brief summary of her article follows. The entire article can be found at businessknowhow.com/startup/business-failure.htm

Basic questions that people considering starting a business should ask themselves.

1. *Do you love what you'll be doing and believe there's a need for it?*
2. *Are you physically and mentally fit for the challenge?*
3. *Do you have the drive, determination and positive attitude that will be required?*

The seven pitfalls of business failure are:

1. *You start your business for the wrong reason.*
2. *Poor management.*
3. *Insufficient capital (operating funds)*
4. *Location, location, location*
5. *Lack of planning*
6. *Over-expansion*
7. *No website*

These may not be the same basic questions or the same 7 pitfall points other business consultants would offer; however, they make the point that potential business owners need to plan and think through their business idea. While it is important to learn from businesses that have failed, you must also study your successful competition. Compare the differences.

You may be wondering. How do I get started?

There are many questions to consider and it really depends on the type of business you are considering. Here are a few.

- Will it be a home-based business?
- Will it be a store-front business and where will it be located?
- Will it require other employees?
- Will it require special equipment?

What will be the name of the company? Have you registered the name?
 What will it cost?
 How much money do I need?
 Will it be successful?
 What are the legal structures for businesses and why are they necessary?
 What federal, state and local government regulations and/or licenses are required?

In order to answer these questions and many more, you will need to develop a feasibility study and a business plan. These two planning tools should be completed before you start a business and are required before you can obtain loans. Time spent developing these two plans will decrease the financial risk for the business owner. What are these two tools?

Feasibility Study – research to determine the economic feasibility of a proposed business venture (capable of being done or achieved; possible, probable, or likely)

Business Plan – a well researched and ever-changing document that provides direction and focus for day-to-day operations and the future growth of the business that includes components covering management, the product and/or service, a marketing plan, financials, operations and control systems, and a growth plan and exit strategy.

Check out these resources that are available to assist potential business owners:

FastTracSC is an entrepreneurial training curriculum offering practical, hands-on business development courses designed to help entrepreneurs hone the skills needed to create, manage and grow a successful business. The FastTrac® program is designed to meet the needs of existing entrepreneurs and aspiring entrepreneurs by exploring, among other things, the tools of successful marketing and business plans. These programs are held throughout the state and are part of the work of the Clemson Institute for Economic and Community Development and its partners. To find out more about the classes, contact Will Culler, wculler@clemson.edu, 803-699-3179 or visit www.FastTracSC.org.

Another resource is the Small Business Development Center of SC. They are located in regions throughout the state and offer assistance with creating a feasibility study and a business plan. They offer a “Business Start-up Fact Sheet and Checklist” from their website. Also, SCORE (Senior Corps of Retired Executives) a free consultancy service attached with the SBA is an excellent resource which often holds seminars throughout the state. The state office phone number is 803-765-5377 and their website is <http://www.sba.gov/localresources/district/sc/index.html>

For food product potential businesses, Dr. Susan Barefoot, Associate Director, Cooperative Extension, Clemson University, has offered to assist them with questions concerning federal and state regulations and guide them through the process. Dr. Barefoot can be reached at 864-656-3140 or email sbrft@clemson.edu.

The Clemson University Home and Garden Information Center also has information on their website regarding starting a food business.

http://www.clemson.edu/extension/hgic/food/food_safety/business/

The S.C. Department of Commerce offers a couple of resources from their website for existing businesses; SC Business One-Stop and SME ToolKit.

Other methods of learning include volunteering or working part-time in the type business you are considering. This gives you a first-hand look at some of the operation of the business. You can also talk to business owners that are in the same type of business. Make sure you are honest and let them know you are considering opening a similar business and want to learn from their experiences.

Visit as many businesses as you can in all areas of the region, state, and country that have a similar business to the one you are considering. You learn about marketing, customer service, products and many other important items that as a business owner you will want to consider.

Lesson Summary:

Before starting a business you should ask questions, conduct research, complete a feasibility study and a business plan and utilize available resources for assistance.

Three misconceptions about owning your own business:

1. You will make a lot of money
2. You will have more time with your family.
3. You will be your own boss and do only what you want to do.

However, there is a great deal of satisfaction when you build a successful small business for the right reasons.

1. You love what you do and you believe there is a need for it!
2. You are physically and mentally fit for the challenge.
3. You have the drive, determination and a positive attitude.

Suggested Materials: Terms you need to know:

Accounting	Annual Report	Audit
Balance Sheet	Business Concept	Business License
Capital	Depreciation	Employment Taxes
Exit Strategy	Marketing Analysis	Legal Structures
Mission Statement	Quarterly Report	Working Capital

Lesson Prepared by: Lou J. Robinson, Clemson University, SCFCL, State Advisor, FastTrac Certified Facilitator

Lesson Reviewed by: Will Culler, Research Associate, Clemson Institute of Economic and Community Development, FastTrac Certified Facilitator

Sources/References: Businessknowhow.com/; FastTrac, First Step Facilitator Guide, Ewing Marion Kauffman Foundation, SBA.gov