

## **CONTROLLING YOUR NEW BUSINESS**

When starting a new business or evaluating an existing business, it is good to take some time to address ways of making your business as efficient as possible. One specific area to think about is ensuring that the background tasks of your business are not distracting from the money making portion of your business. These topics should be addressed in your Business Plan.

With today's technology, there are many tools available to help reduce the amount of time you are spending completing business supporting tasks and to reduce the number of errors in the business data. However, every business is different and the tools that fit your business are likely to be unique from many others. To make the decisions needed, some specific analyses of your business need to be completed.

### **Who will be my customers?**

Your customer base and your marketing strategy will both affect how you implement particular technology strategies.

- **Customer geographic locations** have a significant effect on the specific tools that may be needed or desired. If you are selling locally only, website marketing may not be essential. However, for products that are marketed over wide areas, a website may be critical.
- **Customer ages** affect these kinds of decisions. Studies are showing that younger generations don't rely on newspapers, landline telephones, magazines or books for information. They are using communication vehicles like Twitter, Face Book, cell phones, Websites and to some extent e-mail. Innovative marketing approaches may be necessary to communicate with your customers and to "get the word out" about your product or service.
- Your **type of business** may have needs to control fast changing inventory or similar needs where real time control and status is needed. This process can typically be adequately done manually. Automating may or may not provide benefits.

### **What do I need to consider for business tools?**

Once your customer base and products are well understood, tools need to be considered that help implement the business plan successfully. Typically the tools used to start out should be simple. As the business grows more capability may be added.

- **At the beginning**  
When you are just starting up a business, there needs to be means to have adequate records of the business's status and to collect supporting data. In the beginning you may prefer to do this on paper. A paper approach is inexpensive, familiar to most people and generally straight forward. The kinds of documentation needed includes such things as: a good business plan, some way to track sales with invoices and receipts, tracking of costs with gross and net profits, profit and loss statements, data for tax preparation, support data for your bank dealings and similar information. Appropriate ledgers, simple

book keeping forms and other paper tracking forms are available at a good business supply stores for relatively little money. If this is your thing, using paper records may be acceptable even for large businesses. A viable alternative can be a computer system.

- Planning for business growth.

As your business grows, it will be desirable to reduce the amount of time a small business owner spends doing the business support work manually. The type of business also effects how records are produced and stored, e.g. a business with significant turn over of inventory may need accuracy that something more sophisticated than paper records will efficiently handle. Although each business is unique, financial expenditures may dictate that if you elect to get a computer system it may not be possible until the business grosses enough to generate capital to make the purchase of these systems. Although not cut and dry this point may be in the range of \$80,000 to \$250,000 per annum. Most people may already have an acceptable personal computer system and adequate skills to use without making any additional purchase. (*Studies are indicating that over 97% of the college students already own and are proficient with computers.*)

With business growth, even though a manual bookkeeping system is satisfactory, a computer as a basic tool for your business may be considered. This may be as simple as a single computer or it may be a very complex computer system with a central server. As the numbers of computers increase and are networked, the more technical support will be needed to keep them operating properly. If you are not capable of supporting the hardware and software yourself, there will likely be a need to periodically hire a computer support expert to repair or tune up your system. With a single computer setup this may only require an hour or two every year. This support may range from \$50/hour and up.

- Software programs

There are many full cost and free or low cost software programs available on the internet that can provide most of the services needed to support your business. The suggested approach is to get just the software that is adequate for your situation. Buying the most sophisticated or complex programs can be costly to use and maintain. They may also require extensive training to be used effectively. Some examples of types of programs to consider are listed below.

- **Financial Programs:** One basic need for all businesses is to get all of your financial information available as completely, accurately and as painlessly as possible. (*As mentioned above this could start as a manual paper system.*) Specific computer programs are available to monitor costs, inventories, data for quarterly tax submittal, insurance cost and renewals, etc. that are critical to operating successfully. With the right programs much of these business needs can be automated including bookkeeping, tax computation, invoices, receipts, important date reminders, etc.

As an example, an appropriate bookkeeping system is a necessity to control the business and to stand tax or other audits. A sample list of these kinds of programs

along with others that are available is shown in Appendix B. In general, most of these programs are easy to use when properly setup. It is suggested that most businesses need an accountant for occasional consulting. The accountant should be able to advise you about the best manual method or software program to fit your short and long term business needs. The accountant can ask the appropriate questions, read the business plan and set up the manual or software accounting system so it uniquely fits your business. *(If you don't have an accountant in mind, consult other business acquaintances or talk to your banker for a recommendation.)*

- **General Office Programs:** Depending upon the nature of your business, you will likely need to write some memorandums, track inventories, plan costs, etc. This can be accomplished manually, but, if it is cost effective, may be more efficiently done using a computer. With a computer available, most people desire to have some kind of word processing program to write letters, a program to make spread sheets and maybe others to produce invoices and sales receipts. If your products include a need to make presentations to customers, bankers, etc, some kind of presentation program may be needed. *(Appendix B lists some of these typical programs.)* Other special programs could be needed if the business depends on them to produce the product, e.g. photographic reproduction products.

Determine your specific needs and get just enough program capability to meet those needs. It is easier to add or update programs later than to spend considerable amounts of money on programs that are questionable at the outset and may be too much of a financial drain on your startup efforts. Again talk to a SCORE® counselor, to friends, other business owners, review periodicals on your type of business or use the internet to find added reference information etc. to get an understanding of your needs. These programs can be procured over the internet or at local computer outlets. If you are considering an electronic interface with your customers or vendors, make sure the programs you get are compatible with theirs. *(Programs with lots of extras that are not needed to run your business can be costly, they may be confusing and they can cause more frustrations and problems than they are worth.)*

- **Safeguarding your data.** It is important that whatever way your financial data and records are kept, that you take steps to safeguard them. In the case of electronic data it is desirable to backup the records offsite from the computer system location. *(The desire is to not be affected by natural calamities, e.g. fires, floods, etc.)* This can be done with CD-ROMs or other storage devices transported to other sites or preferably to automatically backup these files to a remote location using one of the secure sites available, e.g. Mozy, Google, etc. These sites are very inexpensive and may be free for the amount of data your business generates.

- **Websites**

There is a certain allure to having a website. From a business perspective, one needs to

make the decision as to how your product will be sold. If the sales area is wide spread, e.g. larger than your specific county and the adjacent counties, you may want to consider eventually having a website and maybe selling over the internet. Additionally, a website does provide a way to “advertise” your products even to local customers. The result of your marketing plan will determine if you need a website at all, a simple website or one that is more complex and interactive.

- **Choosing a Website Developer.** The internet has website developers who will provide a site at minimal cost or there are programs available to make simple websites yourself. Whether you are looking for a professional website developer locally, one on the internet or plan to develop the site yourself, you need to understand what is included in the site development, what modifications are available to you versus having the website developer do it and the costs involved. The telephone yellow pages list a number of reputable website developers. There also are a number of free-lancers in the area who do excellent jobs on websites. A good approach is to find them on the internet, talk to friends and get leads from other business owners. Use the internet to find local business websites and evaluate them against your needs. Usually each website will have some place on it with a link to the developer. Clicking this link will take you to the developer’s website or provide a way to contact him or her. Once you have narrowed your search to a few developers, look at some of their website products and see how they fit in your plan.
- **Developing the Website.** Before actual website development occurs, it is desirable to write some kind of definition as to what you want on the website to provide guidance during the design. Consider how often you need to update the site data, how interactive should the site be, do you want a logo and description of your business on the site, who will be going to your website, do you want links to other sites, do you want to archive pages, do you need to limit access, etc. These kinds of areas should be thought through even if you are doing the development yourself or used for discussions with a professional developer. He or she will have suggestions that are invaluable if you have a good idea what you need.
- **Selling Over the Website.** You can sell your products or services over a website to start with or implement it as your business grows. If this is a need or desire, tasks like booking sales, payment, shipping, etc. must be addressed. PayPal and credit card companies can provide a way to make payment over the internet that is secure and accurate. To explore this avenue of payment, contact a specific credit card company, a bank that offers a credit card or PayPal to determine what the costs will be and the mechanics of setting up the account. Generally, a percentage of the sale will be charged for using this service.
- **How Can I Get People to Find My Website?** The website developer is a critical link in how many “hits” your website will get. There are essentially three ways to get up on the internet hit list (*the more hits your site has the higher up on the list your site gets*) to improve the probability of your site being selected by a

browsing customer. (1) Pay a search engine company, e.g. Google, to have your site on the first page when specific search words are selected. This usually costs a specified amount per hit and can get very expensive, (2) Get customers to put in your specific website address in the browser address bar. Advertise in trade magazines, newspapers, flyers, etc. to get your website name to the public. Have vendors, partners and others post a link to your site from theirs and find other ways to show your web address to the public, and (3) Use as many unique phrases and search words as possible for your product that a customer might logically use to search for your type of product. *(One thing to consider is to set up a customer e-mail notification to existing customers who will be notified periodically to specials or other information about your products. Understand though that today a lot of people delete their e-mails without reading them.)*

In summary, new technologies provide ways to help you run your business. However, it is important to take the time to determine what you need and when you need it. Start with the minimum capability you need and increase the number of tools you use as the business grows and the finances that can support more expansion. Appendix A provides a simple guide for actions to determine how your business is progressing.

Appendix C provides some suggestions to follow if you desire to find software programs on the internet.

**APPENDIX A**

<b>SAMPLE ACTION PLAN BASED ON BUSINESS SUCCESS</b>			
<b>GROSS INCOME</b>	<b>NET AFTER TAX</b>	<b>ACTION</b>	<b>COMMENTS</b>
\$0.00	\$0.00	<ul style="list-style-type: none"> <li>◆ Research market and devise a plan</li> <li>◆ Write a Business Plan</li> <li>◆ Determine financing availability</li> <li>◆ Securing financing</li> <li>◆ Is business viable?</li> </ul>	Start up planning
\$0.00	\$0.00	<ul style="list-style-type: none"> <li>◆ Review all aspects of planning and business plan</li> </ul>	If business success is indicated, start implementing the business plan.
\$0.00	\$0.00	<ul style="list-style-type: none"> <li>◆ Buy or lease facilities</li> <li>◆ Procure hard assets</li> <li>◆ Select vendors</li> <li>◆ Start advertising program</li> <li>◆ Order inventory</li> <li>◆ Open the doors</li> </ul>	Open business
Some income	None	<ul style="list-style-type: none"> <li>◆ Evaluate that business is on plan</li> <li>◆ Define problem areas</li> <li>◆ Is capital level acceptable to make a profitable business?</li> </ul>	If business if above or below plan, determine fall back position and, if necessary revise business plan.
Some income	None or loss	<ul style="list-style-type: none"> <li>◆ Iterate above step each month</li> </ul>	If funding is such that continued losses are evident, determine whether exit strategy is appropriate to consider.
Income increasing	Realizing some profit	<ul style="list-style-type: none"> <li>◆ Evaluate ways to make business more efficient with more profit.</li> </ul>	
\$80,000 to \$250,000	Profit increasing	<ul style="list-style-type: none"> <li>◆ Using more technology tools could be considered.</li> <li>◆ Update business plan</li> </ul>	Varies with what business is and how complicated.
> \$250,000	Profit margins adequate to make business viable	<ul style="list-style-type: none"> <li>◆ Consider hiring additional employees.</li> <li>◆ Evaluate adequacy of facilities.</li> <li>◆ Consider expanding marketing area and product line</li> <li>◆ Update business plan</li> </ul>	Seriously look at long term goals and define life of business with eventual exit plan.

## APPENDIX B

There is a Growing List of FREE High Grade Software available. Generally these packages are open to all and free, with no license hassles. These and other or new packages can be found on the internet. You may want to look at some of them.

**For businesses, software that is normally free to private users may have a license fee on businesses.**

(Note: OS means Operating System; where Windows XP, MAC OS, and Linux based Ubuntu are examples)

PARTIAL LISTING OF SOFTWARE PROGRAMS AVAILABLE		
SW TYPE	Pay-for Software <i>(Price range for each new version shown)</i>	EQUIVALENT FREE Open Source Software <i>(Unless Noted, these work on MAC, Windows or Linux computers)</i>
Accounting	Quick Books, Intuit ~ \$150	KMyMoney for Linux OS <a href="http://kymoney2.sourceforge.net/index-home.html">http://kymoney2.sourceforge.net/index-home.html</a>
Accounting	Peachtree, Sage ~ \$170 +	GnuCash, May not have all features of Quick Books <a href="http://www.gnucash.org/">http://www.gnucash.org/</a>
Animation	Professional Animation Program ?? Used by some movie studios.	Blender <a href="http://www.blender.org/">http://www.blender.org/</a> Price: \$0
Antivirus	AVG Pro ~ \$70+	AVG antivirus <a href="http://free.avg.com/">http://free.avg.com/</a>
Antivirus	McAfee Antivirus	McAfee antivirus (free with certain email services)
Audio & Sound Editor	??	Audacity \$ 0 Audio/sound editor – edit MP3, wav, etc. <a href="http://audacity.sourceforge.net/">http://audacity.sourceforge.net/</a>
Blogging Tool	??	Wordpress <a href="http://wordpress.org/">http://wordpress.org/</a>
Brochure & Publication Programs.	Adobe Illustrator Price: ~\$260-690	Scribus Price: \$0 <a href="http://www.scribus.net/">http://www.scribus.net/</a>
Browser		Internet Explorer Can be free if downloaded <a href="http://store.microsoft.com/microsoft/">http://store.microsoft.com/microsoft/</a>
Browser		Firefox <a href="http://www.mozilla.com/en-US/">http://www.mozilla.com/en-US/</a>
Browser		Google browser <a href="http://www.google.com/">http://www.google.com/</a>
Database	ACCESS ~ \$230 <a href="http://store.microsoft.com/microsoft/">http://store.microsoft.com/microsoft/</a>	MySQL online database <a href="http://www.mysql.com/">http://www.mysql.com/</a>
E-Mail	Outlook 2007 (part of MS Office 2007) Top of the line email plus Personal Information Manager (PIM); email, calendar, contacts	Mozilla Thunderbird <a href="http://www.mozilla.com/en-US/thunderbird/">http://www.mozilla.com/en-US/thunderbird/</a>
Email Marketing	My Emma ~ \$99 setup and cost per 1000 copies <a href="http://www.myemma.com/">http://www.myemma.com/</a>	
FTP Client		Filezilla <a href="http://filezilla-project.org/">http://filezilla-project.org/</a>

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SW TYPE	Pay-for Software <i>(Price range for each new version shown)</i>	EQUIVALENT FREE Open Source Software <i>(Unless Noted, these work on MAC, Windows or Linux computers)</i>
HTML Editor		Kompozer <a href="http://kompozer.net/">http://kompozer.net/</a>
Math Analysis		Octave (advanced mathematical analysis) <a href="http://www.gnu.org/software/octave/">http://www.gnu.org/software/octave/</a>
Media Player	Quicktime Pro <b>\$ new OS -\$100</b> <a href="http://www.apple.com/quicktime/download/">http://www.apple.com/quicktime/download/</a>	VLC Media Player <b>Price: \$0</b> Plays ALL Formats. Cross Platform ( <i>means it does not care if MAC or Windows, or any other proprietary format.</i> ) <a href="http://www.videolan.org/vlc/">http://www.videolan.org/vlc/</a>
Media Player	Quicktime Pro <b>\$ new OS -100</b> <a href="http://www.apple.com/quicktime/download/">http://www.apple.com/quicktime/download/</a>	MPLAYER <b>Price: \$0</b> Plays ALL Formats. Cross Platform ( <i>means it does not care if MAC or Windows, or any other proprietary format.</i> ) <a href="http://www.mplayerhq.hu/design7/scr een.html">http://www.mplayerhq.hu/design7/scr een.html</a>
Music Programs	MS Media Player or iTunes <b>Price: Varies; may come with OS</b>	Amarok Rated higher than iTunes by some MAC users/editors <b>Price: \$0</b> <u>LINUX Systems/UBUNTU ONLY</u> <a href="http://amarok.kde.org/">http://amarok.kde.org/</a>
Office 2007 Converter		Converts Office 2007 to Office XP Format <a href="http://office.microsoft.com/en-us/word/HA100444731033.aspx">http://office.microsoft.com/en-us/word/HA100444731033.aspx</a>
Office Documents		Google Docs <a href="http://www.google">http://www.google</a>
Office Documents	Microsoft Office 2007 <b>Price: ~\$199-250</b> WORD, POWERPOINT, EXCEL, etc. plus the equivalent of <b>Adobe Acrobat @ \$199</b>	OpenOffice <b>Price: \$0</b> <a href="http://www.openoffice.org/">http://www.openoffice.org/</a> Many feel it has superior file handling, all formats, embedded PDF creation. Acrobat not required. (No email program)
Operating Systems	WINDOWS Vista Ultimate, XP Professional or MAC OS are updated every 3-5 years. <b>Price: \$130-170+ per computer</b>	UBUNTU OS Many feel it is superior to Vista; Like MAC Leopard Updated every 6-months. <b>Price: \$0 Unlimited use any computers.</b> <a href="http://www.ubuntu.com/">http://www.ubuntu.com/</a> World's best selling <u>Linux based OS.</u> Ranking: Rated one of Top 25 Products of the Year by PC Magazine
PDF Converter		Cutepdf PDF converter <a href="http://www.cutepdf.com/">http://www.cutepdf.com/</a>
Photo Editor		Picasa photo editor and organizer-viewer (Google) <a href="http://picasa.google.com/">http://picasa.google.com/</a>
Photo Handling	Adobe Photoshop <b>Price: ~\$250-890</b>	The GIMP <b>Price: \$0</b> <a href="http://www.gimp.org/">http://www.gimp.org/</a>
Spyware Remover		Ad-aware spyware remover <a href="http://www.adwarealert.com/">http://www.adwarealert.com/</a>



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<b>SW TYPE</b>	<b>Pay-for Software</b> <i>(Price range for each new version shown)</i>	<b>EQUIVALENT FREE Open Source Software</b> <i>(Unless Noted, these work on MAC, Windows or Linux computers)</i>
Templates		Wordpress <a href="http://wordpress.org/">http://wordpress.org/</a>
Video Editor		Microsoft Photostory 3 <a href="http://www.microsoft.com/">http://www.microsoft.com/</a>
Web Site Creator		Wordpress <a href="http://wordpress.org/">http://wordpress.org/</a>

## APPENDIX C

### AN APPROACH TO FINDING PROGRAMS ON THE INTERNET

There are lots of tools and computer programs available on the internet. This appendix provides some general guidelines to find some of the good programs that are available and to ensure that a safe download of software occurs.

- Search the web to find software programs that are of interest to you and/or your business.
- Determine that the software is safe to use and performs the tasks you expect.
  - Start with a few trustworthy web sites or types of web sites, e.g. SourceForge, CNET people, Wikipedia, etc. to find out more about the programs.
  - When searching for software by a direct search, it helps to have McAfee Site Advisor or something equivalent to green-light the search results.
  - After a piece of software program is identified as of interest, search the web for references to it. If nobody has commented on the quality or usefulness of the program, or if the comments raise red flags, find some other program to use. Users get pretty upset when a download turns out to contain spyware or adware.
  - Finally -- and this is very important -- identifying a good program is not enough; you have to get it from a safe source. Download a program after finding enough references to it to be sure it is safe. Find out who manages and maintains that software and downloaded it from that specific web site, not from one of the several other possible sources. Otherwise, the download could, while installing the software sought, also have installed something malicious to run in the background. A particular software program is usually "wrapped" in an installer program for download, and the installer program itself can be maliciously designed.
  - Scan the download for spyware and viruses before running it. (If lacking the ability to scan, don't download anything.)