

**Training Material for Ukrainian Refugee
Program to Assist in Starting a Business**

**Provided by the Del Mar Solana Beach Rotary
Club**

November 2023

Pros and Cons of Starting a Business

Pros of Starting a Business

- 1. The creation of something new. A new venture is exciting.**
- 2. If your business idea works, you can make a lot of money.**
- 3. You are your own boss, and you get to personally make your own decisions.**
- 4. You get to be creative.**
- 5. Only the marketplace can fire you.**
- 6. No more being pigeonholed.**
- 7. You set the culture and management style for your company.**
- 8. You get direct contact with your customers and potential customers.**
- 9. You help build the local economy and provide jobs.**
- 10. You can create something that can be passed on to someone.**
- 11. Running a business provides endless challenges and opportunities.**

Cons of Starting a Business

- 1. You are going to work like a dog. Long hours.**
- 2. You must be involved in all aspects of your business, i.e., finance, marketing, sales, administration, operations, and employees.**
- 3. You need a good idea, potential customers and knowledge of marketing, finance, and management to succeed.**
- 4. Starting out, you probably will have less income than you are used to.**
- 5. You may have to take a big financial risk.**
- 6. There is absolutely, positively no guarantee that you will succeed.**
- 7. Success depends on you becoming competent in a wide range of disciplines.**
- 8. Lack of support services.**
- 9. When you have a great idea, you have less resources to draw on to make it happen.**
- 10. The United States Small Business Administration indicates that 80% of small businesses survive the first year. 50% survive after five years and 30% after ten years.**
- 11. You must be constantly an up person.**

Suggested Checklist for Business Start Up

1. Decide on the name of your business and make sure no one has trademarked the name. Go the following website to check the name: www.uspto.gov.
2. Decide on a business entity for your business. Go to www.legalzoom.com to assist in forming a business entity.
3. Obtain an Employer Identification Number (EIN) from www.irs.gov.
4. Obtain Federal Withholding Tax information from www.irs.gov.
5. Obtain a business license from city in which your business is operating.
6. Check on zoning requirements if you are opening retail or manufacturing business, to make sure it can be operating in the facility you are leasing.
7. Obtain business liability insurance and any other insurance from insurance broker.
8. Obtain State Withholding Tax information from www.edd.cahwnet.gov
9. Obtain worker's compensation information from State Compensation Fund www.scif.com.
10. Obtain seller's permit from State Board of Equalization—www.boe.ca.gov
11. Purchase financial software, ie. QuickBooks, MYOB and begin to set up financial records.
12. Begin writing a business plan.

Advantages and Disadvantages of Various Types of Business Entities

Sole Proprietorships

- Main Advantages
 - Easy to create and maintain.
 - Business and owner are legally the same entity
 - No fees associated with the creation of the business entity
 - Owner may deduct a net business loss from personal income taxes
- Main Disadvantages
 - Owner is personally liable for any debts, judgments or other liabilities of the business
 - Owner must pay personal income taxes for all net business profits

General Partnerships

- Main Advantages
 - Easy to create and maintain
 - No fees associated with creation of the business entity
 - Owners may report their share of net business losses on personal income taxes
- Main Disadvantages
 - All owners are jointly and personally liable for any debts, judgments or other liabilities of the business
 - Owners must pay personal income taxes for all net business profits

Limited Partnerships

- Main Advantages
 - Easy to attract investors as they are only liable for their total amount of their investment into the business
 - The limited partners enjoy limited liability for any debts, judgments or other liabilities of the business
 - The general partners are more free to focus their attention on the business
 - General partners are able to raise cash without diminishing their control of the business
 - Limited partners can leave the business without dissolving the limited partnership
- Main Disadvantages
 - General partners are jointly and personally liable for any debts, judgments or other liabilities of the business
 - Can be more expensive to create than a general partnership
 - Mainly suited to businesses such as real estate investment groups or in the film industry

Regular Corporation (C Corporation)

- **Main Advantages**
 - Owners of the business enjoy limited liability for the business' debts, judgments and other liabilities
 - Some benefits may be deducted as business expenses
 - With good accounting, owners and business may be able to pay lower taxes by splitting the business profits among owners
- **Main Disadvantages**
 - More expensive to establish than a sole proprietorship or partnership
 - Complicated paperwork that must be filed with the secretary of state
 - Corporation must pay its own taxes as a separate tax entity

S Corporation

- **Main Advantages**
 - Owners of the business enjoy limited liability for the business' debts, judgments and other liabilities
 - Owners share the net profits of the business and report their share on personal income taxes
 - Owners share the net business loss and can offset other income by reporting this loss on personal income taxes
- **Main Disadvantages**
 - More expensive to establish than a sole proprietorship or partnership
 - Paperwork is more complicated than the paperwork required for a LLC, but similar advantages
 - The ownership interest of the various owners determines their respective incomes from the profits of the business
 - Some benefits are only given to owners that have more than 2% of the business' shares

Professional Corporation

- **Main Advantages**
 - Owners are not personally liable for the malpractice of other owners
- **Main Disadvantages**
 - More expensive to establish than a sole proprietorship or partnership
 - The paperwork and filings may be onerous to owners
 - Every owner must be in the same profession as all other owners

Nonprofit Corporation

- **Main Advantages**
 - Corporation does not pay income taxes on money it receives for a charitable purpose
 - Donors that give for a charitable purpose may deduct their donations from income taxes
 - Some benefits may be deducted as business expenses

How to Finance Your Business

1. Questions to answer
 - a. What will it cost to start a business?
 - b. Where does the money usually come from?
 - c. How much risk are you willing to take?
 - d. Do you have enough money to live on while your business is getting started?
 - e. Are you willing to, if necessary, to lower your standard of living until your business is firmly established (positive cash flow)?

2. Sources of financing your business
 - a. Friends and family—difference between debit and equity financing. See items 4 and 5 below.
 - b. Personal Savings
 - c. Crowdfunding
 - d. Commercial/SBA Loans-Micro Loans, 7a and 504
 - e. Angel Financing
 - f. Venture Capital Firms
 - g. Personal Savings
 - h. Pensions plans
 - i. Early Retirement Cash-out or loan
 - j. Home Equity
 - k. Cash Value of Life Insurance
 - l. Factoring or inventory financing

3. The most successful businesses have two things in common:
 - a. A business plan
 - b. Accurate identification of funding requirements
 - c. If you complete items 1 and 2 you have a higher likelihood of business success

4. Debt is borrowed money...it becomes a liability on your balance statement (long term loan)

5. Equity is an "investment" in your business (silent partner or venture capital)

WHAT WILL IT COST TO START YOUR BUSINESS?

One Time Costs

	\$	\$
1. Fixtures and equipment	_____	
2. Decorating and remodeling	_____	
3. Installation of fixtures and equipment	_____	
4. Starting inventory	_____	
5. Legal and other professional fees	_____	
6. Licenses and permits	_____	
7. Advertising and promotion for opening	_____	
8. Consulting and software (Point of Sale, QuickBooks, Customer Relationship Management)	_____	
9. Cash	_____	
10. Marketing collateral (web site, brochure, business cards)	_____	
11. Other	_____	
Total One-Time Costs		_____

Monthly Expenses

\$

\$

1. Salary of owner-manager (your salary)

2. All other salaries and wages

3. Rent

4. Inventory

5. Advertising

6. Networking

7. Supplies

8. Telephone

9. Utilities, including Internet

10. Insurance

11. Taxes, including payroll and Social Security

12. Interest

13. Maintenance

14. Legal and other professional fees

15. Other

Total Monthly Expenses

Estimated Number of Months to Establish Business

Total Monthly Start-Up Costs

Total Business Start-Up Costs

Why Write a Business Plan?

1. Establish the direction for your business, whether a startup or existing business.
2. Allows you to think through your business concept in a systematic way.
3. Use to attract potential investors for an existing or new business concept. The business plan serves as a vehicle to get you in the door to talk to investors.
4. Use to apply for a business loan.

Difference Between and Mission Statement

A mission statement describes the present activity of the company, while a vision statement paints a picture of the entity's future. Put another way, a mission statement describes the company's reason for existing now, while the vision provides its future purpose.

Issues to Consider When Your Begin to Develop Your Business Plan

- Vision without Action is a daydream
- Action without a Vision is a *nightmare*
- Vision and Action with a Plan brings your business into focus
- Without an effective Vision the organization / business is like a ship without a rudder, going around in circles.

Examples of Vision Statements:

Tesla — To create the most compelling car company of the 21st century by driving the world's transition to electric vehicles.

IBM — To be the world's most successful and important information technology company.

Examples of Mission Statements:

Otis Elevator

Our mission is to provide any customer a means of moving people and things up, down, and sideways over short distances with higher reliability than any similar enterprise in the world.

The Body Shop

We aim to achieve commercial success by meeting our customers' needs through the provision of high quality, good value products with exceptional service and relevant information which enables customers to make informed and responsible choices.

Avis Rent-a-Car

Our business is renting cars. Our mission is total customer satisfaction.

Business Plan Outline

Company Name _____

1. Business Description
2. Industry and Market Description
3. Company History
4. The Company's Products or Services
5. Marketing
6. Management Team
7. Amount Needed to Fund Business
8. Sources of Money to Finance Business and Amounts
9. Financial Projections

	2023	2024	2025
Revenues/Sales			
Cost of Sales			
Gross Profit			
Net Income/Loss Before Taxes			
Totals			

Websites for Business Plan Samples:

www.bplans.com

www.sba.gov

<https://www.shopify.com/blog/business-plan>

<https://www.thebalancemoney.com/business-plan-outline-2947032>

1. Tell me about yourself.

This question can trip up anyone who isn't prepared. It's a disarming thing to say: tell me about yourself. It suggests that the interviewer is interested in everything about you from what you did that morning to what you think about the latest political controversy. In the context of an interview, this question is not a bid to divulge personal details, so don't treat it like one. Keep in mind that your goal for the interview is to stay positive and show off your professional experience. Practice a short, sweet, and simple answer that provides a snapshot of who you are as a professional and what you can offer the company.

2. What are your strengths, why should we hire you?

If you can't tell an interviewer what your professional strengths are or make the case for them to hire you, don't expect a callback. It's important to remain confident and back that attitude up with a solid explanation of why you'll be an asset to the company. Write down all your positive attributes including whether you're pleasant to work with or you're a Python guru. Then, look at the job posting and compare each desired trait to what you wrote down. Focus on the elements that match and craft your response.

3. What is your greatest weakness and how did you overcome it?

Some say you should answer this question by talking about a weakness that's really a strength, but that isn't always the best strategy. Hiring managers aren't easily fooled by lines like, "I'm a perfectionist," or, "I'm too critical of my work." These types of responses are generic and offer no real insight into you as a professional. One of the best ways to answer this question is by talking about a legitimate weakness, one that doesn't appear to impair your ability to do the job, and then talk about how you overcame it. Learning a skill that you didn't have early in your career, for example, addresses a genuine issue and shows off how you handled it.

4. How did you hear about our company? What do you know about us? Why do you want to work here?

This question is a no brainer to answer. Type the company's name into your search engine of choice and start digging. Answering this question with a generic response will seriously hurt your chances. Discover what the company stands for, their history, and most importantly, their products. Better yet, research the company's place in their industry. Are they a major player, how do they stack up to the competition, and what are some of their accomplishments? Keep in mind recent news involving the company if you can.

Questions to Ask at the Interview

1. Can you tell me more about the day-to-day responsibilities of this job?

This is your chance to learn as much as possible about the role so you can decide whether this is a job you really want. By learning more about the day-to-day tasks, you will also gain more insight into what specific skills and strengths are needed and you can address any topics that haven't already been covered.

2. What do you think are the most important qualities for someone to excel in this role?

This question can often lead to valuable information that's not in the job description. It can help you learn about the company culture and expectations so you can show that you are a good fit.

3. What are your expectations for this role during the first 30 days, 60 days, year?

Find out what your employer's expectations are for the person in this position.

4. Describe the culture of the company.

Are you a good fit for this organization? Make sure you are comfortable with the culture and the dynamic of the company.

5. Where do you think the company is headed in the next 5 years?

If you plan to be in this role for several years, make sure the company is growing so you can grow with the company.

6. Who do you consider your top competitor, and why?

You should already have an idea of the company's major competitors, but it can be useful to ask your interviewer for their thoughts. Naturally, they will be able to give your insight you can't find anywhere else.

7. What are the biggest opportunities facing the company/department right now?

This question shows your drive to seize opportunity and may help you learn more about where the company will be focusing over the next several months.

8. What are the biggest challenges facing the company/department right now?

8. On the flip side, you may want to ask about challenges. This question can help you uncover trends and issues in the industry and perhaps identify areas where your skills could save the day.

9. What do you like best about working for this company?

Ask about your interviewer's personal experience for additional insight into the company's culture.

10. What is the typical career path for someone in this role?

This question can help you learn whether the company promotes from within, and how career advancement works within the organization. By asking the question, you show your interest in growing with the organization — just be careful not to phrase it in a way that sounds too self-serving (i.e. When can I expect a raise and a promotion?).

11. How do I compare with the other candidates you've interviewed for this role?

This is a slightly risky choice. You don't want to put the interviewer in an awkward position. However, if things are going well and you've built a strong rapport, this question can help you see if there are any concerns or issues that you could address to show why you're the best person for the job.

12. What are the next steps in the interview process?

This question shows that you are eager to move forward in the process. It will also help you gain important information about the timeline for hiring so that you can follow up appropriately.

Remember: Don't ask about salary or benefits just yet. Wait until you are in the final steps of the interview process to negotiate with the hiring manager or an HR representative.

Job Websites to use to Find Job Openings in the San Diego Area

1. www.craigslist.org
2. www.indeed.com
3. www.ziprecruiter.com
4. www.caljobs.ca.gov
5. www.regionalhelpwanted.com
6. www.snagajob.com
7. californiajobdepartment.com
8. www.everyjobforme.com
9. www.apply-4-jobs.com
10. www.findtherightjob.com
11. www.get-me-jobs.com
12. www.jobfinder.com
13. www.candidatepoint.com
14. simplyhired.com
15. www.glassdor.com
16. www.jobdiagnosis.com
17. www.ziprecruiters.com
18. www.usajobs.gov
19. www.beyondsandiego.com
20. www.governmentjobs.com/careers/sandiego
21. www.monster.com

Temporary Agencies to Contact

1. www.royalstaffing.net
2. www.appleone.com
3. www.laborfinders.com/locations/ca/san-diego-metro/37-54/
4. www.randstadusa.com/locations/san-diego
5. www.volt.com
6. www.sandiegoquickstaffing.com
7. www.sandiegoquickstaffing.com/