The Complete, 12-Step Guide to Starting a Business

Everything you need to know about how to start a business.

There are no limits on who can become a great entrepreneur. You don't necessarily need a college degree, a bunch of money in the bank or even business experience to start something that could become the next major success. However, you do need a strong plan and the drive to see it through.

If you're on *Entrepreneur*, odds are you already have the drive, but you might not know how to start building your empire.

That why we are here.

Check out this step-by-step guide to help turn your big idea into a successful business.

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1. Evaluate yourself.

Let's start with the most basic question: Why do you want to start a business? Use this question to guide what kind of business you want to start. If you want extra money, maybe you should start a side hustle. If you want more freedom, maybe it's time to leave your 9-to-5 job and start something new.

Once you have the reason, start asking yourself even more questions to help you figure out the type of business you should start, and if you have what it takes.

- What skills do you have?

- Where does your passion lie?
- Where is your area of expertise?
- How much can you afford to spend, knowing that most businesses fail?
- How much capital do you need?
- What sort of lifestyle do you want to live?
- Are you even ready to be an entrepreneur?

Be brutally honest with your answers. This will create a foundation for everything you do moving forward, so it's better to know the truth now than later.

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2. Think of a business idea.

Do you already have a killer business idea? If so, congratulations! You can proceed to the next section. If not, there are a ton of ways to start brainstorming for a good idea. An article on *Entrepreneur,* "8 Ways to Come Up With a Business Idea," helps people break down potential business ideas. Here are a few pointers from the article:

- **Ask yourself what's next.** What technology or advancement is coming soon, and how will that change the business landscape as we know it? Can you get ahead of the curve?
- **Fix something that bugs you.** People would rather have less of a bad thing than more of a good thing. If your business can fix a problem for your customers, they'll thank you for it.
- **Apply your skills to an entirely new field.** Many businesses and industries do things one way because that's the way they've always been done. In those cases, a fresh set of eyes from a new perspective can make all the difference.
- **Use the better, cheaper, faster approach.** Do you have a business idea that isn't completely new? If so, think

about the current offerings and focus on how you can create something better, cheaper or faster.

Also, go out and meet people and ask them questions, seek advice from other entrepreneurs, research ideas online or use whatever method makes the most sense to you.

And, if you've exhausted all your options and you're still stuck, here are 55 great business options you can start.

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3. Do market research.

Is anyone else already doing what you want to start doing? If not, is there a good reason why?

Start researching your potential rivals or partners within the market by using this guide. It breaks down the objectives you need to complete with your research and the methods you can use to do just that. For example, you can conduct interviews by telephone or face to face. You can also offer surveys or questionnaires that ask questions like "What factors do you consider when purchasing this product or service?" and "What areas would you suggest for improvement?"

Just as importantly, it explains three of the most common mistakes people make when starting their market research, which are:

1. Using only secondary research.
2. Using only online resources.
3. Surveying only the people you know.

Related: How to Start a Business Online

4. Get feedback.

Let people interact with your product or service and see what their take is on it. A fresh set of eyes can help point out a problem you might have missed. Plus, these people will become your first brand advocates, especially if you listen to their input and they like the product.

One of the easiest ways to utilize feedback is to focus on "The Lean Startup" approach (read more about it here), but it involves three basic pillars: prototyping, experimenting and pivoting. By pushing out a product, getting feedback and then adapting before you push out the next product, you can constantly improve and make sure you stay relevant.

Just realize that some of that advice, solicited or not, will be good. Some of it won't be. That's why you should have a plan on how to receive feedback.

Here are six steps for handling feedback:

1. **Stop!** Your brain will probably be in an excited state when receiving feedback, and it might start racing to bad conclusions. Slow down and take the time to consider carefully what you've just heard.
2. **Start by saying 'thank you.'** People who give you negative feedback won't expect you to thank them for it, but doing so will probably make them respect you and encourage them to continue be honest in the future.
3. **Look for the grain of truth.** If someone doesn't like one idea, it doesn't mean they hate everything you've just said. Remember that these people are trying to help, and they might just be pointing out a smaller problem or solution that you should look into further.
4. **Seek out the patterns.** If you keep hearing the same comments, then it's time to start sitting up and taking notice.
5. **Listen with curiosity.** Be willing to enter a

conversation where the customer is in control.

6. **Ask questions.** Figure out why someone liked or didn't like something. How could you make it better? What would be a better solution?

Also, one way to help you get through negative feedback is to create a "wall of love," where you can post all of the positive messages you've received.Not only will this wall of love inspire you, but you can use these messages later when you begin selling your product or service. Positive reviews online and word-of-mouth testimonials can help make a big difference.

Related: 12 Mind Tricks That Will Make People Like You and Help You Get Ahead

5. Make it official.

Get all of the legal aspects out of the way early. That way, you don't have to worry about someone taking your big idea, screwing you over in a partnership or suing you for something you never saw coming. A quick checklist of things to shore up might include:

1. Business structure (LLC, corporation or a partnership, to name a few.)
2. Business name
3. Register your business
4. Federal tax ID
5. State tax ID
6. Permits (more on permits here)
7. License
8. Necessary bank account
9. Trademarks, copyrights or patents

While some things you can do on your own, it's best to consult with a lawyer when starting out, so you can make sure you've covered everything that you need.

Here are some questions you can ask when looking for a small-business lawyer.

Related: The Top 7 Legal Documents for Every Startup

6. Write your business plan.

A business plan is a written description of how your business will evolve from when it starts to the finish product.

As angel investor and tech-company founder Tim Berry wrote on *Entrepreneur*, "You can probably cover everything you need to convey in 20 to 30 pages of text plus another 10 pages of appendices for monthly projections, management resumes and other details. If you've got a plan that's more than 40 pages long, you're probably not summarizing very well."

Here's what we suggest should be in your business plan:

1. **Title page.** Start with name the name of your business, which is harder than it sounds. This article can help you avoid common mistakes when picking.
2. **Executive summary.** This is a high-level summary of what the plan includes, often touching on the company description, the problem the business is solving, the solution and why now. (Here's what you should include in the summary and how you can make it appeal to investors.)
3. **Business description.** What kind of business do you want to start? What does your industry look like? What will it look like in the future?
4. **Market strategies.** What is your target market, and how can you best sell to that market?
5. **Competitive analysis.** What are the strengths and weakness of your competitors? How will you beat them?
6. **Design and development plan.** What is your product or service and how will it develop? Then, create a budget for that product or service.

7. **Operations and management plan.** How does the business function on a daily basis?
8. **Finance factors.** Where is the money coming from? When? How? What sort of projections should you create and what should you take into consideration?

For each question, you can spend between one to three pages. Keep in mind, the business plan is a living, breathing document and as time goes on and your business matures, you will be updating it.

Related: How to Start a Business With (Almost) No Money

7. Finance your business.

There are a ton of different ways to get the resources you need to start your business. Angel investor Martin Zwilling, whose business Startup Professionals provides services and products for startups and small businesses, recommends 10 of the most reliable ways to fund your business. Take a look and consider your own resources, circumstances and life state to figure out which one works best for you.

1. **Fund your startup yourself.** Bootstrapping your business might take longer, but the good part is that you control your own destiny (and equity).
2. **Pitch your needs to friends and family.** It can be hard to separate business from personal relationships, but if you're considering asking for a loan, here's a resource you can use to make it as straightforward as possible.
3. **Request a small-business grant.** Start by checking out our guide to small-business grants. Then, head over to Grants.gov, which is a searchable, online directory of more than 1,000 federal grant programs. It might be a long process, but it doesn't cost you any equity.
4. **Start a crowdfunding campaign online.** Sometimes power is in numbers, and a bunch of small investments can add up to something major. If you think your business might be

a fit for something like Kickstarter or Indiegogo, you should read up on 10 of the best-crowdfunded businesses ever or check out the most popular crowdfunding websites.

5. **Apply to local angel investor groups.** Online platforms such as Gust and AngelList and local networking can help you find potential investors who relate to your industry and passion.
6. **Solicit venture capital investors.** VCs typically look for big opportunities from proven teams that need a million dollars or more, so you should have some traction before approaching them.
7. **Join a startup incubator or accelerator.** These companies are designed to help new or startup businesses get to the next level. Most provide free resources, including office facilities and consulting, along with networking opportunities and pitch events. Some, also provide seed funding as well.
8. **Negotiate an advance from a strategic partner or customer.** If someone wants your product or service bad enough to pay for it, there's a chance they'll want it bad enough to fund it, too. Variations on this theme include early licensing or white-labeling agreements.
9. **Trade equity or services for startup help.** For example, you could support a computer system for office tenants in exchange for free office space. You might not get paid for this, but you won't have to pay for an office, either, and a penny saved is a penny earned.
10. **Seek a bank loan or line of credit.** Here are 10 questions you should ask before applying for a bank loan, including whether you will qualify. If you do meet the requirements, a good place to start for loan opportunities is the Small Business Administration.

Related: 7 Seed-Stage Funding Sources That Might Finance Your Startup

8. Develop your product or service.

After all the work you've put into starting your business, it's going to feel awesome to actually see your idea come to life. But keep in mind, it takes a village to create a product. If you want to make an app and you're not an engineer, you will need to reach out to a technical person. Or if you need to mass-produce an item, you will have to team up with a manufacturer.

Here is a seven-step checklist – including finding a manufacturer and pricing strategies – you can use for your own product development. A major point the article highlights is that when you're actually crafting the product, you should focus on two things: simplicity and quality. Your best option isn't necessarily to make the cheapest product, even if it lowers manufacturing cost. Also, you need to make sure the product can grab someone's attention quickly.

When you are ready to do product development and outsource some of the tasks make sure you:

1. **Retain control of your product and learn constantly.** If you leave the development up to someone else or another firm without supervising, you might not get the thing you envisioned.
2. **Implement checks and balances to reduce your risk.** If you only hire one freelance engineer, there's a chance that no one will be able to check their work. If you go the freelance route, use multiple engineers so you don't have to just take someone at their word.
3. **Hire specialists, not generalists.** Get people who are awesome at the exact thing you want, not a jack-of-all-trades type.
4. **Don't put all your eggs in one basket.** Make sure you don't lose all of your progress if one freelancer leaves or if a contract falls through.

5. **Manage product development to save money.** Rates can vary for engineers depending on their specialties, so make sure you're not paying an overqualified engineer when you could get the same end result for a much lower price.

To help you have peace of mind, start learning as much as you can about the production, so you can improve the process and your hiring decisions as time goes along.

This process will be very different for service-focused entrepreneurs, but no less important. You have several skills that people are willing to pay you for right now, but those skills can be hard to quantify. How can you establish yourself and your abilities? You might consider creating a portfolio of your work – create a website to show your artwork if you're an artist, writing if you're a writer or design if you're a designer.

Also, make sure you have the necessary certificates or educational requirements, so that when someone inquires about your service, you're ready to jump at a good opportunity.

Related: 105 Service Businesses to Start Today

9. Start building your team.

To scale your business, you are going to need to hand off responsibilities to other people. You need a team.

Whether you need a partner, employee or freelancer, these three tips can help you find a good fit:

1. **State your goals clearly.** Make sure everyone understands the vision and their role within that mission at the very start.
2. **Follow hiring protocols.** When starting the hiring process you need to take a lot of things into consideration, from screening people to asking the right

questions and having the proper forms. Here is a more in-depth guide to help you.

3. **Establish a strong company culture.** What makes a great culture? What are some of the building blocks? You can see our list of 10 examples of companies with great cultures, but keep in mind that you don't need to have Google's crazy office space to instill a positive atmosphere. That's because a great culture is more about respecting and empowering employees through multiple channels, including training and mentorship, than it is about decor or ping-pong tables. In fact, office perks can turn out to be more like traps than real benefits.

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10. Find a location.

This could mean an office or a store. Your priorities will differ depending on need, but here are 10 basic things to consider:

1. **Style of operation.** Make sure your location is consistent with your particular style and image.
2. **Demographics.** Start by considering who your customers are. How important is their proximity to your location? If you're a retail store that relies on the local community, this is vital. For other business models, it might not be.
3. **Foot traffic.** If you need people to come into your store, make sure that store is easy to find. Remember: even the best retail areas have dead spots.
4. **Accessibility and parking.** Is your building accessible? Don't give customers a reason to go somewhere else because they don't know where to park.
5. **Competition.** Sometimes having competitors nearby is a good thing. Other times, it's not. You've done the

market research, so you know which is best for your business.

6. **Proximity to other businesses and services.** This is more than just about foot traffic. Look at how nearby businesses can enrich the quality of your business as a workplace, too.
7. **Image and history of the site.** What does this address state about your business? Have other businesses failed there? Does the location reflect the image you want to project?
8. **Ordinances.** Depending on your business, these could help or hinder you. For example, if you're starting a daycare center, ordinances that state no one can build a liquor store nearby might add a level of safety for you. Just make sure you're not the one trying to build the liquor store.
9. **The building's infrastructure.** Especially if you're looking at an older building or if you're starting an online business, make sure the space can support your high-tech needs. If you're getting serious about a building, you might want to hire an engineer to check out the state of the place to get an objective evaluation.
10. **Rent, utilities and other costs.** Rent is the biggest facilities expense, but check out the utilities, as well, and whether they're included in the lease or not. You don't want to start out with one price and find out it's going to be more later.

Once you know what to look for and it's time to start searching for a place that fits all of your qualifications, these four tips can help.

1. **Think on your own timeframe.** Landlords are starting to offer shorter-term office rentals. Don't get stuck in a long-term lease if it doesn't make sense for your business.

2. **Play the whole field.** There are all sorts of places to use — co-working spaces, office business centers, sublets and more. Keep your options open.
3. **Click around town.** You might be able to find the perfect place by using online resources.
4. **Do the deal on your terms.** Again, you have options. Don't get roped into something that makes you uncomfortable.

After you have a location, you can focus on the aesthetic. You can check out a few design ideas here.

Related: 5 Best Online Businesses to Start This Year (Infographic)

11. Start getting some sales.

No matter your product or industry, your business's future is going to depend on revenue and sales. Steve Jobs knew this — it's why, when he was starting Apple, he spent day after day calling investors from his garage.

There are a ton of different sales strategies and techniques you can employ, but here are four tenets to live by:

1. **Listen.** "When you listen to your clients/customers, you find out what they want and need, and how to make that happen," says investor and entrepreneur John Rampton.
2. **Ask for a commitment, but don't be pushy about it.** You can't be too shy to ask for a next step or to close a sale, but you also can't make customers feel as though you're forcing them into a sale.
3. **Don't be afraid of hearing "no."** As former door-to-door salesman (and now co-founder of software business Pipedrive) Timo Rein said, "Most people are too polite. They let you make your pitch even if they have no interest in buying. And that's a problem of its own. Time is your most important resource."

4. **Make it a priority.** As entrepreneurial wizard Gary Vaynerchuk said, “Actually creating revenue, and running a profitable business, is a good strategy for business. Where are we that people think users or visits or time on site is the proxy to a successful business?”

But how do you actually make those sales? Start by identifying targets who want your product or service. Find early adopters of your business, grow your customer base or put out ads to find people who fit your business. Then, figure out the right sales funnel or strategy that can convert these leads into revenue.

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12. Grow your business.

There are a million different ways to grow. You could acquire another business, start targeting a new market, expand your offerings and more. But, no growth plan will matter if you don’t have the two key attributes that all growing companies have in common.

First, they have a plan to market themselves. They use social media effectively through organic, influencer or paid campaigns. They have an email list and know how to use it. They understand exactly who they need to target – either online or off – with their marketing campaigns.

Then, once they have a new customer, they understand how to retain them. You’ve probably heard many people state that the easiest customer to sell to is the one you already have. Your existing customers have already signed up for your email list, added their credit card information to your website and tested what you have to offer. In doing so, they’re starting a relationship with you and your brand. Help them feel as good about that relationship as possible.

Start by utilizing these strategies, which include investing in your customer service and getting personal, but realize your work will never be done. You'll constantly be competing for these customers in the marketplace, and you can never simply rest on your laurels. Keep researching the market, hiring good people and making a superior product and you'll be on your way to building the empire you always dreamed about.

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