News Herald May 20, 1992

Small Business Center can offer local expertise

It happens to almost all of us at some point in our lives. Either we're tired of the job we have, we're laid off or otherwise lose a job, or we think we'd like to be our own boss.

These life circumstances, and others, can cause us to think about starting our own business. The thought of having control over our work life and of doing something we really enjoy makes the idea of starting a business of our own increasingly more attractive.

"There can be a lot of advantages to owning your own business," says Tony Johnson, at Morganton's Small Business Center, located at the Burke Chamber of Commerce office on Meeting Street.

"But there are risks as well," Johnson continues. "It pays to sit down and take a cold, hard look at the facts before you decide to begin a business of your own. The failure rate for new business is between 60 percent and 90 percent, depending on the kind of business in question. But for someone who actually does his or her homework before starting, the success rate is much better."

What are the things a potential owner needs to examine before launching a new business? Johnson says there are a number of important areas that need to be researched, but of them, three are expecially important.

"The first thing you need to do is determine precisely what it is you are going to sell or what service you plan to provide. If you're thinking of opening a music store, for instance, you need to decide exactly what instruments and other products you will provide, where you will get them, and how much it's going to cost you for your initial inventory."

"Secondly," Johnson continues, "you need to know who your customer is going to be." You literally need to develop a 'customer profile.' By that, I mean determining the characteristics of your potential buyers; who they are, where they live and shop, how much expendable income they have. You may not have exact data to determine this, but you need to at least have an understanding of who it is that will be buying your product or services."

The third important component of researching for your new business is to determine what advantage you will be able to offer your customer over another business that is already providing that service or product. "You need to ask yourself what kind of added value you are going to give your customer," says Johnson. "In other words, what will be your 'edge'?"

Once you've looked at these three components of starting your new business, you can begin to think about financing. There are different avenues of financing available for different kinds of businesses.

"For a new business, most lenders will require that you have between one-third to one-halfthe money needed for start up yourself," Johnson says. One of the ways that Johnson serves potential business owners is by helping them to develop realistic projections for their costs and expected revenues.

"Projections for expenses should always include an owner's draw," says Johnson. "This is one thing that many potential business owners forget when they are drawing up their projections; to actually include their own salary needs." You have to consider what you will need to make from the business to meet you own financial obligations."

"You also need to determine if the kind of employees you will eventually need will be available in your area for the salary you will be willing to pay," he says.

Location is also a very important factor in setting up a new business. "Many a good idea has failed because the owner tried to implement it in the wrong place," says Johnson.

Again, you have to look at your customer. Is your product a 'drive-by convenience' that should be located on a main highway or near a high traffic area?" Or is it more of a speciality product that your customer will drive to a certain location to purchase?

Another consideration is whether you need a "location" at all in the early days, or whether you can operate the business from you home until you get established. If this is a possibility, you need to check your local zoning ordinances to make sure you will be in compliance before getting started.

Morganton's Small Business Center was established by Western Piedmont Community College to provide assistance to individuals wishing to start small businesses.

"For someone who is seriously interested in starting a business," we provide a variety of services," says Johnson. "Primarily, we help the potential business owner determine what kind of research needs to be done, help them develop financial projections, suggest avenues for financing and otherwise just try to answer any questions they may have."

"We don't do the leg work for them; that's their responsibility," he continues. "But we try to direct them to the appropriate resources and tell them what they are going to need to know and do before they can start a successful business."

The SBC also guarantees confidentiality in working with potential business owners. "People who ask for our help need to know that we will keep their business idea confidential," says Johnson.

"Starting a business is a tremendous commitment of time," says Johnson. "If you're thinking of starting a business so you'll have more leisure time, you're barking up the wrong tree," he continues.

"Especially during the first years of a new business, you have to be committed to doing whatever it takes to make the business a success." Usually, this involves a whole lot of time on your part, sometimes 60,80 or more hours per week."

"If you're committed to doing your homework before you start and devoting the time and energy you'll need to succeed, then starting a small business may be right for you."

Judy Eurey, the Burke County Small Business Person of the Year, was honored recently at a reception on the campus of Western Piedmont Community College. She is shown with, from left, Tony Johnson, director of the WPCC Small Business Center, Chip Black, president of the Burke County Chamber of Commerce, and Dr. Jim Rihcardson, president of WPCC. The reception was sponsored by Wachovia, WPCC and the Burke Chamber of Commerce.