

## **Financial Considerations**

### Common Sources of Money

1. Your own savings, investment from relatives or friends
2. Your local bank
3. The Small Business Association

Do NOT count on outside money, unless from friends or family. Generally, it is impossible to get loans until you have an operating record (or a past history of a successful business).

**You should not begin a business without enough funds to pay your living expenses for a year as well as your business' fixed costs for six months.**

Many people feel overwhelmed when they try to do financial projections. How are you supposed to know the sales levels when you aren't in business yet? The secret is researching and revising many times. First, estimate what a great day (or month) might be. Then estimate a devastating day. And several levels in between. What are the resulting profits or losses? Next, fill in some estimates with information. The more actual cost estimates you can get, the more realistic your numbers become. Go to a similar business and observe whether your estimated number of customers or sales are realistic.

You should develop three budgets based on low, medium and high sales. Before beginning business, your goal should be to make sure you can survive with your low budget, carefully plan to reach the middle one and hope for the high one.

Once you begin business, track your estimated budgets with the real numbers so you can make adjustments. Constantly be aware and act on economic changes. Follow your intuition, be flexible and have a good time.