

# SelfInformed

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## NASE 2017 Dependent Scholarship Winners



# Striking While the Iron is Hot

**The Best Time to Start a Business and Other Key Considerations for the Would-be Entrepreneur**



Starting a business is an exciting endeavor. When the possibilities are endless and the canvas before you is blank, it is often easy to get swept up in the excitement and lose sight of some of the key logistics and planning that are essential to growing a business.

This white paper examines some important considerations for any new business owner and provides practical tips for success. Whether you are starting a business or building a business, a micro business owner or the head of the family business, this paper offers simple strategies for you.

## First Things First: Key Questions to Ask Yourself Before You Begin

To truly determine if the time is right to launch into an entrepreneurial endeavor, it is important to first ask yourself a few key questions to ensure you are fully prepared and willing to commit to being a small business owner:

### 1. Do I have what it takes?

Entrepreneurs are a unique breed and not everyone has what it takes to make it. According to [Karsten Strauss](#), a journalist covering business and entrepreneurs for *Forbes* magazine, “Entrepreneurs have a greater capacity for pain and discomfort than most. They can stay up later, work longer hours, stay more focused and, somehow, are able to set so much aside in deference to their dreams and visions.”

Business writer, [Susan Ward](#), outlines some other important personality traits and characteristics of successful business owners, including self-motivation, organization, marketing and customer service skills, and the ability to manage effectively and efficiently.

*One-third of small business owners reported work weeks of more than 50 hours per week and an additional 25% said they log 60 hours or more per week.*

Sound like you? Then you are on your way! Not sure? Check out these articles and resources to help assess your readiness:

- [Do You Have the Characteristics of an Entrepreneur?](#)
- [6 Traits You Need to Be Self-Employed](#)

### 2. Do I have the time necessary to build a business and ensure its success?

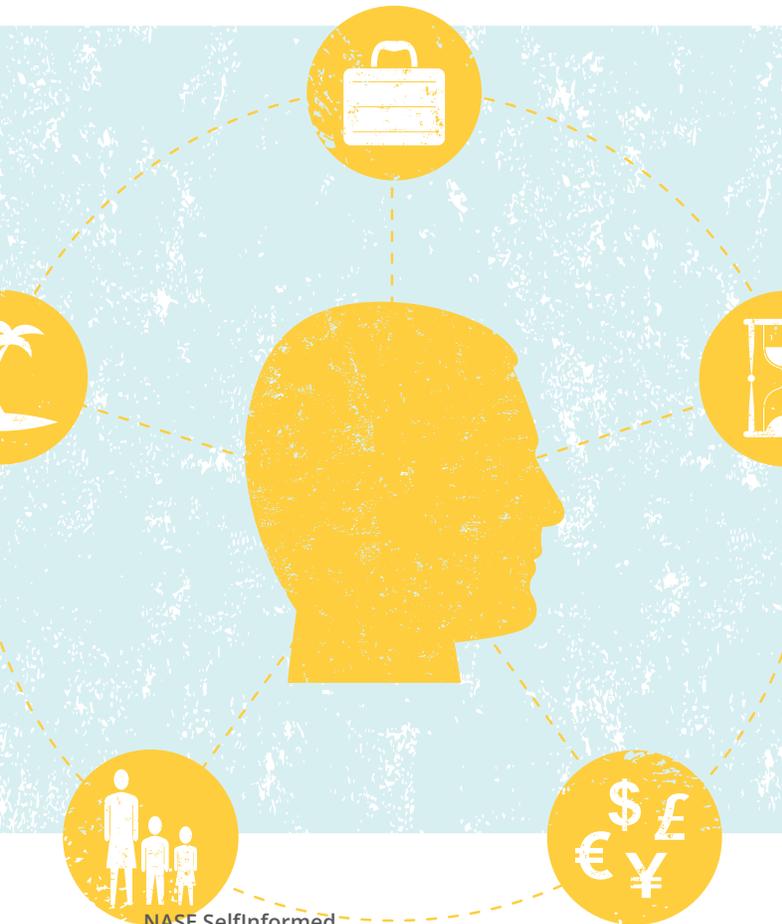
As [Ward](#) says, starting a business is “similar to starting a relationship”—the best time to do it is “when you have the time to devote your attention to it.”

A poll of readers of the *New York Enterprise Report* found that “the majority of small-business owners say they work at least 50 hours per week...far more than the national average of 33.8 hours per week reported by the Bureau of Labor Statistics.” One-third of small business owners reported work weeks of more than 50 hours and an additional 25% said they log 60 hours or more per week. In addition, 70% of respondents also “worked at least one weekend on a regular basis.”

Consider your commitments and existing priorities—both personally and professionally—to determine how and if a new undertaking fits into the equation. As the numbers outlined above illustrate, time will be an essential component of success, especially on the front-end as your business is getting off the ground. If you do not have the necessary space in your life, the time may not be right.

### 3. Is starting a business financially feasible for me?

While no two businesses are the same, virtually every business will require some start-up cost. According to the [U.S. Small Business Administration](#) (SBA), in





2009 the Kauffmann Foundation estimated that the average business's start-up cost was approximately \$30,000. Naturally not all businesses carry such a significant price tag in the early stages—according to the [SBA](#), most

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micro-businesses can get off the ground for as little as \$3,000.

But regardless of the size or nature of your planned venture there is generally some form of upfront investment. It is important to consider your finances and discuss with your family or business partners the impact and feasibility of starting a business, as well as the potential risk. While financial uncertainty may be a sign that the timing is not right, lacking the requisite funds does not necessarily mean all is lost—investors and other external funding mechanisms may be available. [Ward](#) recommends evaluating debt financing from a lender or equity financing from angel investors.

#### **4. Will this make me happy?**

While it may sound simple, this question is perhaps the most important one on the list. Chances are you set out on this path to start a business because you wanted to call the shots and be the boss. Or maybe the idea of flexibility and defining the structure of your work day appealed to you. Perhaps you



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are tired of doing all the work but only retaining a portion of the profit. Or maybe all of the above.

Regardless of your motivations, it is important to weigh the driving force against your business concept. Will your planned business allow you to achieve your personal and professional aims and provide the balance and quality of life you are seeking? If the answer is no, perhaps you should reevaluate your approach or consider other business ideas. Remember, you are doing this for a specific reason—do not lose sight of your goal amongst the blur of activity that surrounds a new idea.

### Timing is Everything

Timing is an important consideration when starting a business, and can ultimately determine whether your small business succeeds or fails. Be sure to examine the market that you plan to enter to determine its health and viability. Look at trends to gain insight into the market's trajectory or projected performance. Study ancillary industries and markets that may directly impact your primary market and help determine the success of your new business.

If you are planning to build a business in real estate, it is important to understand the current state of the real estate industry—both within your target market and nationally. Analyzing the current market, trends in development and building, and economic forecasting can all be invaluable in determining when the time is right to launch your new endeavor.

If launching a real estate business, an examination of ancillary services or providers might include looking closely at trends in lending, title and escrow and studying interest rates to determine what impact these areas might have on timing.

Regardless of the industry or focus, entrepreneurs would be wise to follow a few general guidelines as a point of reference in determining if the time is right to launch a new business endeavor. Here a few quick timing tips and questions for reflection:

1. **Knowledge**—Do you have a firm understanding of the industry you wish to enter?
2. **Contacts**—Have you built a network of clients/customers, partners, suppliers, etc. that is sufficient to launch your business? If not, what is your timeline to do so?

3. **What is on the horizon?** Are there industry changes or developments coming that will help identify an ideal time to launch your business or help you hone-in on a time when the market will be particularly hot or cold?
4. **What is the production or development timeline?** How long will it take to fully develop your product or service and what is the target date for going to market or launch? Be sure to build this into your business plan and timeline to ensure profitability and help prevent missed opportunities.

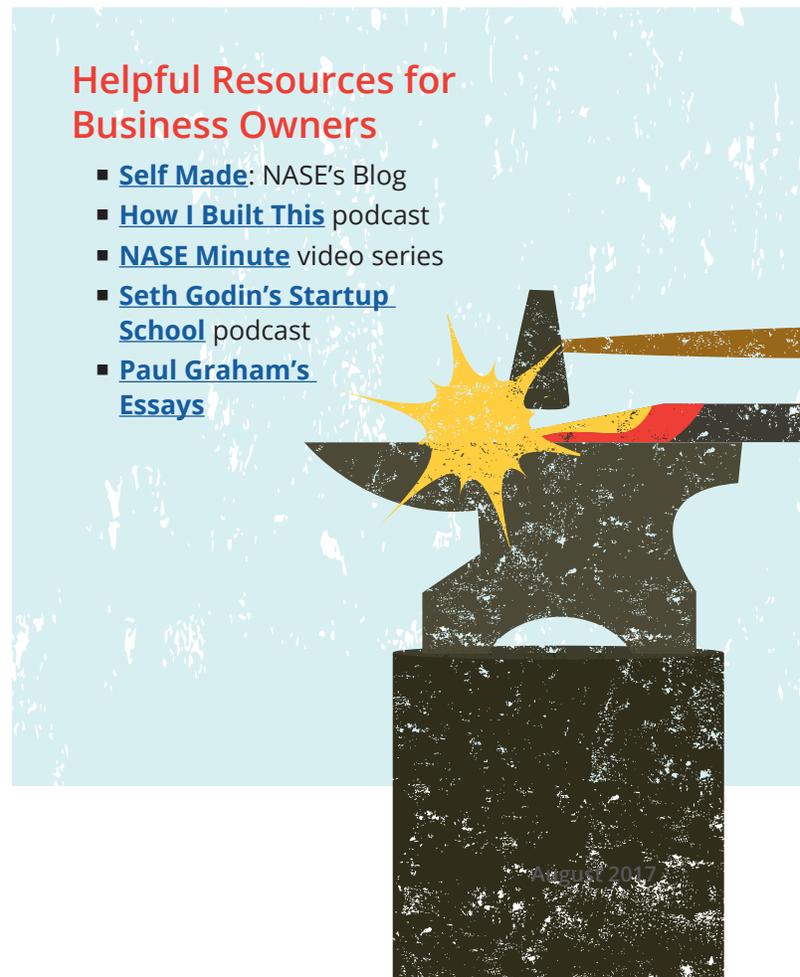
### The Question of Age: There is No "Right Time"

Timing in terms of demand, market share and market health are very important considerations. But what about timing in terms of your life? Is there an ideal age at which to start a business, and is there a point at which it is too late?

Youth certainly has its advantages when it comes to the energy and health necessary to take on the demanding task of business ownership. [Michael Lazerow](#), CEO of Buddy Media, suggests that when it comes to starting a company, "the younger the better." Lazerow suggests that "it's easier to pour

### Helpful Resources for Business Owners

- [Self Made](#): NASE's Blog
- [How I Built This](#) podcast
- [NASE Minute](#) video series
- [Seth Godin's Startup School](#) podcast
- [Paul Graham's Essays](#)



your life into a company when you're young, creative, fresh, and fired up."

But while youthfulness certainly offers advantages when starting a business, the wisdom, experience and connections that come with age can also be priceless assets for the entrepreneur.

Ultimately there is no ideal age, phase of life or career milestone that constitutes the "perfect time" to start a business. As [Lazerow](#) concludes in his examination of timing, "Entrepreneurs come in all sizes, shapes, ages and colors"—**the best time to start a business is today.** If you have done your due diligence, examined the market, the risk, the potential reward and determined that you are ready to be your own boss, then take the leap.

### **"Begin with the End in Mind:" The Importance of an Exit Strategy**

Habit #2 in Stephen Covey's celebrated book, "The 7 Habits of Highly Effective People" is "begin with the end in mind." Just as timing is a key consideration when starting a business, careful thought must also be given to the timing of the business's eventual sale or transition of ownership.

Exit strategies will vary depending on both the type of business and its mission, but regardless of the form it takes, an exit strategy is an important component of any business plan. An exit strategy does not only relate to the sale of your company to an outside interest, it may also outline the process for

*Starting a business is a significant undertaking, but the good news is: you do not have to go it alone.*

transferring control, ownership or management of your family business to a child or other family member.

While it may seem premature to discuss and plan for an exit strategy when building a business, it is truly never too early. Proactively planning your exit will ultimately: (1.) maximize your profitability, (2.) allow for a seamless handoff, (3.) minimize your risk and financial vulnerability, and (4.) help ensure a return on your investment.

"Your end goal affects everything from how you run your business, to the partnerships you pursue, to how you choose to fund your

startup," says [David Ehrenberg](#), founder and CEO of Early Growth Financial Services.

### **Supporting Your Success**

Starting a business is a significant undertaking, but the good news is: you do not have to go it alone. The National Association for the Self-Employed (NASE) is your resource and advocate in owning your own business. This white paper is just one example of the many resources available to NASE members. NASE provides information on best practices, tools, publications and advocacy to help ensure your business is positioned for success and continued growth.

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# Member Spotlight



## NASE 2017 Dependent Scholarship Winner

This year we had over twenty dependents of NASE members apply for our four annual scholarships. The applications were truly outstanding, all applicants deserve praise. With this year complete, it marks the 28th year we have been able to give our educational scholarship to our member's dependents and we couldn't be more proud.

Congratulations to our 2017 recipients: Chris Rounds, Michael Ramunno, Kelly Langford and Norelia Ordonez Castillo. We wish all the recipients of the NASE's 2017 Dependent Scholarship continued success as they continue on their educational journey. If you are interested in finding out more about our Dependent Scholarship, [visit our website](#).



## **Chris Rounds**

2017

*Minneapolis, Minnesota*

Chris plans to use the scholarship to attend the College of Liberal Arts at the University of Minnesota.



## **Michael Ramunno**

2017

*Eagle, Colorado*

Michael will use the scholarship to attend the University of Southern Mississippi where he is studying Criminal Justice.



## **Kelly Langford**

2017

*San Antonio, Texas*

Kelly will use the scholarship to attend The University of Texas at San Antonio where she is currently studying Nursing.



## **Norelia Ordonez Castillo**

2017

*Garden City, Kansas*

Norelia will use the scholarship to attend the University of Kansas Medical School through the Scholars and Rural Health Program.



# Ask the Expert

## Question:

I was talking with some friends at Sunday school about, of all things, taxes. I think I may have done my tax return incorrectly and actually omitted some expense deductions that I should have included. Is it too late to correct the error?

## Answer:

As we continue to fight through the dog days of summer when things seem to move a bit slower it is a great time to stop and think about those old tax returns. The point blank answer to this question is that you have up to three years from the date you file a tax return to correct any errors by filing an amended tax return. In this case, if you have discovered that you inadvertently omitted a number of valid deductions then there is some of your money waiting to be recovered.

The process of filing an amended tax return is probably easier than you might think. The form to use is IRS Form 1040X, [Amended U.S. Individual Income Tax Return](#). The front page of the form has three columns; one for the original amounts filed, one for the changes you are making to the return, and one for the corrected totals. Page two of the form has a space for an explanation of the changes and that is basically it. The form will ask you to attach other forms that have been changed in the process so you will included a new Schedule C, Profit or Loss from Business that will include the omitted deductions.

Keep in mind that you can file amended returns for up to three years from the date you file the return. If you failed to include a deduction on last year's return you may very well have made the same mistake for previous years. For those of you who don't already know that a deduction was missed, this is a great time to go back and take a second look. It's not always a pleasant surprise to find out that you made a mistake but in this case it might just make the dog days of your summer a little less unbearable.



As always, don't forget that you are not alone. Bookmark our website at [NASE.org](#) as well as the IRS website at [IRS.gov](#) you will always be able to find the help you need.



# Member Benefits

Visit [NASE.org](http://NASE.org) to learn more about the following benefits!



## BUSINESS LIABILITY INSURANCE

**Business Owners Policy (BOP):** This program combines **property and liability protection** in one convenient package for the self-employed and small business owners. The BOP provides broad and relevant protection. Coverages includes General Liability and other lawsuit protection, with options for Property protection, Building coverage, Lost Income protection and many more that are common exposures that self-employed and small business owners face.

**Professional Liability Insurance:** This program can be tailored to the specific needs of each self-employed member's specific profession and exposures while protecting their business from claims alleging real or perceived negligence, errors, omissions or failure to perform. This **critical insurance** also provides coverage for services performed for clients or if the member is named in a 3<sup>rd</sup> party lawsuit.

**Home Based Business property & casualty insurance policy:** This insurance offers **comprehensive property and casualty insurance** coverage that's tailored for self-employed professionals who work out of their homes. This property and causality policy helps protect personal assets and eliminate the exposure from unexpected accidents occurring that result in damage to or theft of personal property that is used for work.

**Data Breach & Cyber Insurance:** This insurance program is designed to provide the **critical insurance coverage** necessary to help protect self-employed and small businesses from the high costs and implications of a privacy breach or other cyber related incident, as well as insure against state and federal regulations and costly penalties

**InfoSafe Risk & Compliance Assessment:** Helps members evaluate their small business or organization's **current level of compliance** with all major federal, state and industry information security standards and requirements including HIPAA-HITECH, GLBA, Red Flags Rule, state laws, PCI-DSS, SOC2 and ISO27001. This one-time assessment and detailed report also helps members determine their current level of risk and the potential financial impact of a breach. A full assessment review and compliance consultation with an advisor from the InfoSafe team is also included.

**InfoSafe® Certification:** Provides a simple and affordable ongoing monthly compliance management system to help members *prevent* a data breach and to respond when breached to help them comply with the requirements of federal, state and industry data security and privacy regulations including HIPAA-HITECH, GLBA, Red Flags, FACTA, PCI-DSS, and more.

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## Administration and Congress

# Release Principles for Tax Reform

On July 27, House Speaker Paul Ryan (R-WI), Senate Majority Leader Mitch McConnell (R-KY), Treasury Secretary Steven Mnuchin, National Economic Council Director Gary Cohn, Senate Finance Committee Chairman Orrin Hatch (R-UT), and House Ways and Means Committee Chairman Kevin Brady (R-TX) outlined their bold plan for comprehensive tax reform. In close coordination with the Trump Administration, the House and Senate leaders, announced the key areas of focus in the legislation:

- 1) Lower all individual tax rates;
- 2) Lower corporate tax rates;
- 3) Eliminate the special interest loopholes;
- 4) Separate wage income from small business income;
- 5) Increase standard deductions;
- 6) Eliminate the death tax

As stated in our press release, “the small business community applauds the broad principles laid out today in a joint statement by policy leaders from the

**We are particularly pleased that small businesses will be treated like their corporate counterparts.**

Administration and Congress on tax reform. While the devil is in the details, we are particularly pleased that small businesses will be treated like their corporate counterparts at home and abroad.”

The NASE is especially focused on ensuring that the separation of wage income from small business income remains a core principle of tax reform. We have argued and advocated for decades that the double tax on self-employed continues to be a significant economic barrier for the self-employed. Parity in the tax code is a core principle of NASE’s advocacy efforts.

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