



## HOW TO START YOUR OWN BUSINESS

### For Ex-offenders Looking to Build Their Own Business

It is not uncommon to find unrealistic expectations in prison. Often you will hear inmates listing off the many businesses they are going to own – restaurants, nightclubs, production studios. While it is a wonderful thing to dream, and even better thing to pursue, these are not roles one simply steps into. Business ownership is something which requires a great deal of planning, work, and education, regardless of whether that education is learned in actual business or school. The stigma of incarceration can hurt employment opportunities. This is known to many. While things are improving in that respect, it may be that upon release you want to pursue your own business, hopefully while employed elsewhere.

Starting a business can be risky. Hundreds of thousands of new businesses open each year, but many end up failing. According to Small Business Administration research, only half of new businesses survive the first five years and only one-third of new businesses are able to survive 10 years. Don't let these statistics deter you from pursuing your dream. Use this knowledge as power. Starting a business takes a lot of hard work and planning, but understanding the risks involved will help you better prepare to put the odds in your favor.

### Getting Started

**STEP 1: Brainstorm.** Ask yourself what you are passionate about or at least interested in. Make a list of professions you think you would be good at, qualified for, and successful with. Make a list of pros and cons for each of these ideas. Be honest with yourself. Some professions won't be practical because of your background. That's okay, many others will be. Ask yourself questions like, "What areas of this business will I need help with?" Just because you aren't familiar with every aspect of a certain industry doesn't mean you should avoid starting a business in that field; it simply means you may need a little more guidance to do so successfully. Determine the need for your service. Who needs what you are offering? Does it appeal to enough people in order for you to earn a living?

**STEP 2: Choose a name for your business.** The name of your business is the first introduction people have to your products or services. It is important to choose a name that accurately represents your business and the brand you are looking to build. It's equally as important that you choose a name that isn't already taken. Consider the feeling you want associated with your name. Do you want a name that's clever? Humorous? Professional? No matter what you choose, you'll want a name that's memorable. Once you have a name in mind, it's a good idea to search online to see if someone already owns a website with your desired name. If a website already exists, you may want to choose a different name. While they may not necessarily keep you from registering that name, they may make setting up an online presence more difficult in the future. Need a business logo? You can't go wrong at Fiverr.com where artists around the world offer to design logos for as little as 3 designs for \$5.

**STEP 3: Write a business plan.** A business plan is an essential roadmap for business success. This living document generally projects 3-5 years ahead and outlines the route a company intends to take to grow revenue. A solid business

There are almost 28 million small businesses in the US, and more than 22 million are self-employed with no additional payroll or employees.

Source

<http://www.forbes.com/sites/jasonnazar/2013/09/09/16-surprising-statistics-about-small-businesses/#201d65c13078>

plan can help you avoid mistakes that often occur as a result of poor planning. A good business plan also helps you find your niche in the marketplace. What makes your business different from others? Figuring this out will help you stand out from the rest and give you advantages over your competitors.

Here are some standard elements to consider including in your business plan:

### **Appendix**

Appendix is an optional step, but a useful place to include information such as résumés, permits, leases, etc. You will need to decide what additional information you should include in your appendix if you make one.

### **Company Description**

Company description should provide information on what you do, what differentiates your business from others, and the markets your business services.

### **Company Structure**

This section describes how your business will be set up, whether it will be a corporation, sole proprietorship, non-profit, etc., and also includes who will manage your company.

### **Executive Summary**

Executive summary is a short summary of your entire business plan. It should include your profile and goals.

### **Financial Projections**

If you will be seeking funding, providing financial projections to back up your loan application will be critical.

### **Market Analysis**

Prior to ever launching a business, it is required for you to research your business industry, the market and active competitors.

### **Marketing & Sales**

How will you market your business to prospective clients? What is your sales strategy? This is all information you want to address in this section.

### **Organization & Management**

Here you will want to include the company's staff and management composition. Initially, it may be just you. This is fine. However, you may want to include employees for future projected earnings.

### **Services or Products**

You are going to be selling one of these two things, or possibly both.

**STEP 4: Decide on a location.** In some cases, your home address works fine. Having a home office can drastically reduce costs, which helps drive your bottom dollar up. However, if you need a lot of space for equipment, employees, etc., a home-based business may not be right for you. Additionally, some cities may have ordinances against certain types of businesses and/or ordinances against running a business in a residential area. Check with City Hall before deciding on a home-based business. If you are in need of office space outside of the home, make sure you choose a location that makes sense for your business plan. If your business relies on customers coming to you, you'll want to choose a location that's easy to find. After all, it's difficult to find customers when it's difficult to find your store.

**STEP 5: Secure financing.** Starting a business can be financially challenging. Don't overspend. A lot of business start off on the "you have to spend money to make money" approach. Don't fall victim to this. Keep costs as low as possible. Every dollar you spend on a shiny new truck, bus stop advertisement, etc. is a dollar you will no longer have. To some degree, you do have to spend money to make money, but you want to do this with money you are generating through service, not money you have borrowed or saved. Make your dollars count.

Getting a business loan right out of prison can certainly be challenging. You would likely need some collateral to offer the bank. An unsecured line of credit may not be practical. In this case, you may need to look to your personal network of friends and family. If that is not an option, simply pay as you go. In fact, paying for your new startup with money you are earning from another job may not only be the most practical idea, it is likely the best. It is one which prevents you from accruing more debt. And if you can avoid borrowing at all, all the better!

*Additional Resource! Whether it's starting a business or meeting existing financial obligations, finances can be tricky. If you'd like information on budgeting as well as other financial tips, or if you need to repair, rebuild, or maintain your credit while incarcerated, our Credit Repair & Finances Self-help guide is a great place to start.*

Get your  
FREE COPY

SEND A SELF-ADDRESSED STAMPED ENVELOPE TO\*:

WriteAPrisoner.com  
Credit Repair & Finances Self-help  
P.O. Box 10  
Edgewater, FL 32132 USA

\* Prison staff or pen-pals can also print this guide at  
<http://www.writeaprisoner.com/self-help>

**STEP 6: Make it official.** It is now time to do some paperwork. Don't worry though; it's really not that hard. Most small businesses start off as a sole-proprietorship. It may be that you want to form a corporation or non-profit instead. If so, these are typically more involved and come with different requirements. For the sake of starting a business, we will address starting a sole-proprietorship. Initially, you will need to register a 'Doing Business As' name. These are often referred to as 'DBAs.' Registering your DBA is done either with your county clerk's office or with your state government, depending on where your business is located. There are a few states that do not require the registering of fictitious business names. Contact the appropriate office in your area to begin.

**STEP 7: Secure business licenses and permits.** Find out what types of licenses, permits, insurance, bonding, fictitious name registration, etc. you will need to comply with local, state, and/or federal laws. To run your business legally, there likely are specific federal and state licenses you will need to obtain. Depending on how your business is structured, you may need a federal tax identification number or employer identification number (EIN.) Some states require a state tax identification number as well. In many cases, you'll also need a permit to operate your business. Are your services and/or products subject to state sales tax? If you, you'll also need to set up an account with the state Department of Revenue. Contact your city, municipality, county, and/or state to find out the specific requirements in your area.

**STEP 8: Prepare for accounting and taxes.** Starting a business can be daunting enough, so you want to do your due diligence in keeping accurate and up-to-date records. Here are a few tips:

- a) First, set up a business checking account. Always keep your personal finances separate from your business finances.
- b) Save every receipt associated with business costs. Set up folders for each month and label them accordingly (e.g., month/year). Be sure to save anything relevant, such as credit card statements, invoices, cancelled checks, etc. When you have two or three forms of record for one purchase, you may want to paperclip these together. Staples can be messy and damage records if you need to take them apart to make copies. You will also want to keep a log of how your expenses are broken down. For example, utilities, employee wages, and business

equipment are legitimate deductible expenses, but they are reported differently on your tax return. Keeping your records and receipts organized in their respective categories is essential.

c) Manage your cash flow. This can be a challenge if your business is seasonal or subject to other variables.

Simply put, cash flow refers to how the money is flowing in and out of your business. It is wise to estimate your revenue and expense projections for as far into the future as possible. You should try to project at least three months out. This keeps you from making spontaneous purchases that might come back to haunt you. Just because you have the money in the checking account doesn't mean you should spend it.

“*Your work is going to fill a large part of your life, and the only way to be truly satisfied is to do what you believe is great work. And the only way to do great work is to love what you do.*” - Steve Jobs

d) Find a good tax preparer months before your tax filing date and make contact. Check reviews of tax preparers in your area on Google. While it is always better to hire a certified public accountant (CPA), it can also be a lot more money. Initially, it may be more feasible to work with a tax preparer. You should speak with a tax professional as early as possible in establishing your business in case you need to file quarterly returns, a common practice in self-employment.

e) If you use a vehicle for business, you will need to keep a log showing total miles driven for the year (or beginning/ending odometer readings), and the total business miles driven for the year. If you want to claim actual expenses of the vehicle, you will need receipts or totals for gas, oil, car washes, licenses, personal property tax, lease and interest expense. Discuss this and other specifics with your tax preparer.

**STEP 9: Web identity is critical for the most modest venture and even the largest Fortune 500 company.** Build yours and do it for low cost. Facebook and Twitter have become fantastic marketing tools in reaching regional audiences for local businesses. Additionally, for as little as \$15 per month, you can build and maintain a website. Wix.com offers a user-friendly and affordable platform. WordPress.com is another option. On your website you can provide testimonials, photos and details of the types of services you offer, operating hours, a form to contact you (if web visitors are viewing your site after business hours), and much more. We are in the age of web identity. If you do not have it, you are missing business opportunities.

**STEP 10: Invest \$10 in a nice business card.** Think about what you want on here. Phone number, address, website address, social media links, map, maybe a coupon for 10% off a job. There will be countless times in your business that you will be wishing you had these. Think it through and have them ready to hand out day one.

**STEP 11: Know your resources.** There are many support systems in place to help new entrepreneurs succeed. Inmates to Entrepreneurs is an excellent website that offers sound advice and guidance. SCORE gives free business advice; so does the Small Business Association.

Success story or suggestion? We want to know what worked for you so we can share it with other inmates.

If you have a suggestion to make about this resource, please do so at:

Self-help Suggestion - P.O. Box 10 - Edgewater, FL 32132 USA

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