

An Introduction to Entrepreneurship:

Welcome to the Entrepreneurship Webcast!

**The webcast, sound, and recording will begin at
3:00 pm EST.**

Due to the number of participants, questions can only be accepted via the internet. Please click on the “Raise Hand” button at any time during the webcast and send a chat to the Chairperson.



An Introduction to Entrepreneurship:

Getting Ready to Succeed in Business

PRESENTED BY

RURAL DEVELOPMENT LEADERSHIP NETWORK

IN PARTNERSHIP WITH THE

HOUSING ASSISTANCE COUNCIL



About Rural Development Leadership Network

RDLN is a national multicultural social change organization that supports community-based development in poor rural areas through hands-on projects, education and skills building, leadership development and networking. Through RDLN, emerging leaders from poor rural areas spearhead development projects and design related study through which they may earn a certificate or academic credential. Participants attend RDLN's month-long Rural Development Institute at the University of California, lead development projects in their communities under the umbrella of a Sponsoring Organization, engage in ongoing peer support and exchange, and have the option of earning an accredited academic degree.



RDLN Entrepreneurship Webinar Series

RDLN's webinars on Entrepreneurship are being provided as part of a Commitment-to-Action with the **Clinton Global Initiative**. RDLN is currently accepting applications for its month-long Institute at UC Davis this spring and for its master's degree program with Antioch University Midwest.

FOR ADDITIONAL INFORMATION:

Rural Development Leadership Network

P.O. Box 98

Prince St. Station

New York, NY 10012

Phone: (212)777-9137

Fax: (212)477-0367

Email: rdln@ruraldevelopment.org

Web: www.ruraldevelopment.org



Upcoming Webinars...

Part II and III

Using Social Media for Entrepreneurship

Date: December 13, 2013

Time: 3:00 - 4:00 PM (EST)

Date: January 10, 2014

Time: 3:00 - 4:00 PM (EST)

Register online @ www.ruralhome.org

or contact

Shonterria Charleston, 404-892-4824 ext. 27 or shonterria@ruralhome.org.



TODAY'S PRESENTER...

Dave Singleton, Program Analyst
Economic Development Center



GETTING READY TO SUCCEED IN BUSINESS

Part 1 – Marketing Plan/Analyses

Let's Get Acquainted!

- Name?
- Where's home?
- In business? What kind?
- Thinking about it? What kind?
- What brings you to this class?

Successful Entrepreneurs

- Have clear values, vision and goals
- Are cautious and prudent, but not fearful
- Minimize risks through careful planning
- Work long hours and make big sacrifices
- Love challenges – especially the people kind
- Support – and are supported by – their communities

Business Owner's Guides

- To Developing A Marketing Plan
- To Performing A Preliminary Feasibility Study
- To Preparing A Business Plan
- To Securing Financing

Addressing key pitfalls, the IBO Guides start with self-examination, continue with essential planning steps, and work toward financing.

What Is “Business Feasibility”?

- **The ability of a business to sell products or services - at competitive prices - and realize sufficient revenues to:**
 - (1) Cover its operating costs,**
 - (2) Repay its debts,**
 - (3) Sustain its growth, and**
 - (4) Support its owner(s).**

Why Perform a Preliminary Feasibility Study?

To answer important questions like these:

- Who/where are profitable markets?
- How will you compete for their business?
- What share of the market can you capture?
- What are the key production and technical requirements for your business?
- What resources are needed to start, operate, and grow your business?
- How will your business perform financially?
- Who will manage and operate your business?
- What are the financial, legal and other risks?

Dimensions of Feasibility

- Economic (or financial) feasibility
- Managerial feasibility
- Technical feasibility

Economic Feasibility

- Begins with the “Marketing Concept”:

WHO

Will sell WHAT

To WHOM

WHERE

At what COST

For what PRICE?

“Markets” for Specific Products

1. PEOPLE with unsatisfied needs/wants
 2. MONEY to spend (purchasing power)
 3. WILLINGNESS to spend (motivation)
- = MARKET DEMAND for (smoked salmon, blackberry jam, teeshirts, crocheted items)

Your Marketing Strategy aka The “5 P’s of Marketing”

- WHO will be your customers?
- WHAT are you offering them?
- HOW MUCH will they pay?
- WHERE will it be sold?
- WHEN/HOW will customers find out about it?
- PEOPLE with needs
- PRODUCTS & SERVICES
- PRICE
- PLACE
- PROMOTION

The 1st P is for PEOPLE

- PEOPLE who own/operate your business
- PEOPLE who are your customers
- PEOPLE who might help you succeed in business
- PEOPLE who might support your customers
- PEOPLE who own/operate businesses that do business with your business
- PEOPLE who regulate or otherwise influence startup and operation of your business

The 2nd P is for PRODUCT

POSSIBLE PRODUCTS & SERVICES:

- Smoked Salmon
- Blackberry Jam
- Team/Theme Teeshirts, Caps, etc.
- Hand Crocheted Items

Needs: The PEOPLE-PRODUCT CONNECTION

Which HUMAN NEEDS will be satisfied?

- Physical and Biological (health, nutrition, safety and security)
- Social and Psychological (acceptance, belonging, respect, self-esteem)
- Cognitive & Self-fulfillment (knowledge & understanding)

Describe your product in terms of your targeted customers' needs; e.g., karate lessons are marketed as "self-defense, fitness and peace of mind."

Key PRODUCT Questions

WHOSE NEEDS will be met? Are they:

- In definable geographic areas?
- In known age groups?
- Of one or both genders?
- In various stages of the family life cycle?
- At certain educational levels?
- In various occupations?
- In known ethnic, religious, or social groups?
- ALL able to pay for your products/services?

Sole Proprietorship vs. C Corporation vs. S Corporation vs. LLC

	Sole Proprietorship	C Corp	S Corp	Limited Liability Company (LLC)
Formation Requirements, Costs	None	Must file with state, state specific filing fee required.	Must file with state, state specific filing fee required.	Must file with state, state specific filing fee required.
Personal Liability	Unlimited liability.	Shareholders are not typically held liable.	Shareholders are not typically held liable.	Members are not typically held liable.
Administrative Requirements	Relatively few requirements.	Election of board of directors, officers, annual meetings, and annual report filing requirements.	Election of board of directors, officers, annual meetings, and annual report filing requirements.	Relatively few requirements.
Management	Full control.	Shareholders elect directors who manage business activities.	Shareholders elect directors who manage business activities.	Members can set up structure as they choose.
Term	Terminated when proprietor ceases doing business or upon death.	Perpetual: can extend past death or withdrawal of shareholders.	Perpetual: can extend past death or withdrawal of shareholders.	Perpetual, unless state requires fixed amount of time.
Taxation	Entity not taxable. Sole proprietor pays taxes.	Taxed at corporate rate and possible double taxation: Dividends are taxed at the individual level if distributed to shareholders.	No tax at the entity level. Income passed through to the shareholders.	No tax at the entity level. Income passed through to members.
Double Taxation	No	Yes, taxed at corporate level and then again if distributed to shareholders in the form of dividends.	No	No
Self-Employment Tax	Subject to self-employment tax.	Salary subject to self-employment tax.	Salary subject to self-employment tax, but shareholder distributions are not subject to employment tax.	Salary subject to self-employment tax.
Pass Through Tax Treatment	Yes	No	Yes	Yes
Tax Forms	1040	IRS Form 1120	IRS Form 1120S Shareholders get K-1 for personal tax returns.	1 member: sole proprietor IRS Form 1040 - Schedule C Partnership: IRS Form 1065, Members get K-1
Transferability of Interest	No	Shares of stock are easily transferred.	Yes, but must observe IRS regulations on who can own stock.	Possibly, depending on restrictions outlined in the operating agreement.
Capital Raising	Individual provides capital.	Shares of stock are sold to raise capital (Securities laws apply).	Shares of stock are sold to raise capital. Limitations prevent S corp stock ownership by corporations.	May sell interests, but subject to operating agreement (Securities laws may also apply).
Ease of Operation	Easiest	Must have annual meetings, Board of Directors meetings, corporate minutes, and stockholder meetings.	Must have annual meetings, Board of Directors meetings, corporate minutes, and stockholder meetings.	Easy, some states may require more than others.

Targeting Market Segments

Targeting specific “market segments,” will help you:

- Meet specific consumers’ needs precisely
- Channel resources into areas or populations with the highest profit potential
- Develop an effective product description, pricing strategy and promotional message
- Select the most effective advertising media

The 3rd P is for PRICE

Primary Considerations in Pricing:

- COST of providing products/services – analyze your startup and operating costs.
- COMPETITORS' prices – check them out!
- CUSTOMERS' REACTIONS to prices – do formal and/or informal customer surveys.

The 4th P is for PLACE

Primary Considerations in Location:

- Accessibility (e.g., roads, centrality or essential proximity, available parking)
- Car and Foot Traffic
- Visibility & Attractiveness
- Lighting & Safety
- Competition (direct and indirect)
- Zoning or Other Ordinances

Key PLACEMENT Questions

- Will most of the customers come from a few locations?
- What location(s) would be most accessible/ convenient for which targeted customers?
- Is it better to be near to, or far away from, competitors' places of business?
- What options are available where you plan to start your business?

The 5th P is for PROMOTION

Primary Considerations in Promotion:

- What promotional message(s) will motivate which targeted customer(s)?
- What media are most likely to reach each targeted customer group?
- Aside from “advertising” through print and radio/PSA media, what other “promotional activities” can be used? (e.g., logos/slogans, freebies, prizes, recognition, scholarships)

Marketing Strategy Exercise

- Consider your own business idea or choose one of the sample products:
 1. Who are the targeted markets?
 2. What is/are the competitive edge(s)?
 3. What is the pricing strategy?
 4. What is the market placement strategy (location or delivery method)?
 5. What is the promotional message, and how will it reach prospective customers?

Contact Information

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New York, NY 10012

Phone: (212)777-9137
Fax: (212)477-0367
Email: rdln@ruraldevelopment.org
Web: www.ruraldevelopment.org

G. David Singleton Economic Development Center

Phone: (760) 801-8011
Email: gdauidsingle@rocketmail.com