

How to Start Your Own Business?

A Business Start-up Guide

To be a job maker instead of being a job seeker

UNIVERSITY BUSINESS LINKAGE CELL
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1. Evaluate Yourself

Let's start with the most basic question: Why do you want to start a business? Use this question to guide what kind of business you want to start. If you want extra money, maybe you should start a side hustle. If you want more freedom, maybe it's time to leave your 8-to-5 job and start something new.

Once you have the reason, start asking yourself even more questions to help you figure out the type of business you should start, and if you have what it takes.

- What skills do you have?
- Where does your passion lie?
- Where is your area of expertise?
- How much can you afford to spend, knowing that most businesses fail?
- How much capital do you need?
- What sort of lifestyle do you want to live?
- Are you even ready to be an entrepreneur?

Be brutally honest with your answers. This will create a foundation for everything you do moving forward, so it's better to know the truth now than later.

2. Think of a Business Idea

Do you already have a killer business idea? If so, congratulations! You can proceed to the next section. If not, there are tons of ways to start brainstorming for a good idea.

Ask yourself what's next. What technology or advancement is coming soon, and how will that change the business landscape as we know it? Can you think of doing something out of the box?

Fix something that bugs you. People would rather have less of a bad thing than more of a good thing. If your business can fix a problem for your customers, they'll thank you for it.

Look for new niches. Take a look at what some of the big players in an industry are missing and figure out if you can fill the gaps.

Apply your skills to an entirely new field. Many businesses and industries do things one way because that's the way they've always been doing. In those cases, a fresh set of eyes from a new perspective can make all the difference.

Find a category lacking recent innovations. Identify markets that haven't had many recent innovations.

Use the better, cheaper, faster approach. Do you have a business idea that isn't completely new? If so, think about the current offerings and focus on how you can create something better, cheaper or faster.

Talk to shoppers. To come up with an idea that meets people's needs, there's no better way than by talking to shoppers. If you're interested in developing an e-commerce business, consider sending an online survey to

potential customers to learn about their needs and interests.

Also, go out and meet people and ask them questions, seek advice from other entrepreneurs, research ideas online or use whatever method makes the most sense to you.

3. Get Feedback

Let people interact with your product or service and see what their take is on it. A fresh set of eyes can help point out a problem you might have missed. Plus, these people will become your first brand advocates, especially if you listen to their input and they like the product.

You have to focus on three basic pillars when getting feedbacks; prototyping, experimenting and pivoting. By pushing out a product, getting feedback and then adapting before you push out the next product, you can constantly improve and make sure you stay relevant. Just realize that some of that advice, solicited or not, will be good. Some of it won't be. That's why you should have a plan on how to receive feedback. Here are some steps for handling feedback:

Stop! Your brain will probably be in an excited state when receiving feedback, and it might start racing to bad conclusions. Slow down and take the time to consider carefully what you've just heard.

Start by saying ‘thank you.’ People who give you negative feedback won't expect you to thank them for it, but doing so will probably make them respect you and encourage them to continue to be honest in the future.

Look for the grain of truth. If someone doesn't like one idea, it doesn't mean they hate everything you've just said. Remember that these people are trying to help, and they might just be pointing out a smaller problem or solution that you should look into further.

Seek out the patterns. If you keep hearing the same comments, then it's time to start sitting up and taking notice.

Listen with curiosity. Be willing to enter a conversation where the customer is in control.

Ask questions. Figure out why someone liked or didn't like something. How could you make it better? What would be a better solution?

4. Do a Market Research

Marketing research can give a business a picture of what kinds of new products and services may bring a profit. For products and services already available, marketing research can tell companies whether they are meeting their customers' needs and expectations. By researching the answers to specific questions, small-business owners can learn whether they need to make changes.

When you conduct marketing research, you can use the results either to create a business and marketing plan or to measure the success of your current plan. That's why it's important to ask the right questions, in the right way, of the right people. Research, done poorly, can steer a business in the wrong direction. Here are some market-research basics that can help get you started and some mistakes to avoid.

4.1. Types of Market Research

Primary Research: The goal of primary research is to gather data from analysing current sales and the effectiveness of current practices. Primary research also takes competitors' plans into account, giving you information about your competition. Collecting primary research can include:

- Interviews (either by telephone or face-to-face)
- Surveys (online or by mail)
- Questionnaires (online or by mail)
- Focus groups gathering a sampling of potential clients or customers and getting their direct feedback

Some important questions might include:

- What factors do you consider when purchasing this product or service?
- What do you like or dislike about current products or services currently on the market?

- What areas would you suggest for improvement?
- What is the appropriate price for a product or service?

Secondary Research: The goal of secondary research is to analyse data that has already been published. With secondary data, you can identify competitors, establish benchmarks and identify target segments. Your segments are the people who fall into your targeted demographic people who live a certain lifestyle, exhibit particular behavioural patterns or fall into a predetermined age group.

4.2. Common Marketing Mistakes

Using only secondary research. Relying on the published work of others doesn't give you the full picture. It can be a great place to start, of course, but the information you get from secondary research can be outdated. You can miss out on other factors relevant to your business.

Using only web resources. When you use common search engines to gather information, you get only data that are available to everyone and it may not be fully accurate. To perform deeper searches while staying within your budget, use the resources at your local library, college campus or small-business centre.

Surveying only the people you know. Small-business owners sometimes interview only family members

and close colleagues when conducting research, but friends and family are often not the best survey subjects. To get the most useful and accurate information, you need to talk to real customers about their needs, wants and expectations.

5. How to Write a Business Plan?

A business plan is a written description of how your business will evolve from when it starts to the finish product. You can probably cover everything you need to convey in 20 to 30 pages of text plus another 10 pages of appendices for monthly projections, management resumes and other details. If you've got a plan that's more than 40 pages long, you're probably not summarizing very well. Here's what should be in your business plan:

Title page. Start with business name. Do not copy others' business names. Think of a catchy and easy to pronounce business name.

Executive summary. This is a high-level summary of what the plan includes, often touching on the company description, the problem the business is solving, the solution and why now.

The executive summary should be only a page or two. In it, you may include your mission and vision statements, a brief sketch of your plans and goals, a quick look at your

company and its organization, an outline of your strategy, and highlights of your financial status and needs. Your executive summary is the CliffsNotes of your business plan.

The summary is the most important part of your whole plan, so you want it to be as strong as possible because it's the first thing people read in your plan, and we all know the power of a strong first impression. This is where you want to wow people and make them think. An exclusive summary should include following details;

- What's the business idea, what problem does it solve and how does it fit into the marketplace?
- How much will it cost, and how much financing are you seeking?
- What will the return be to the investor? Over what length of time?
- How will the ownership be divided?
- What is the management team?
- What are the product and competitive strategies?
- What is your marketing plan?
- What is your exit strategy?
- Give it a Happy Ending

Business description. What kind of business do you want to start? What does your industry look like? What will it look like in the future?

Market strategies. What is your target market, and how can you best sell to that market?

Competitive analysis. What are the strengths and weakness of your competitors? How will you beat them?

Design and development plan. What is your product or service and how will it develop? Then, create a budget for that product or service.

Operations and management plan. How does the business function on a daily basis?

Finance factors. Where is the money coming from? When? How? What sort of projections should you create and what should you take into consideration?

For each question, you can spend between one to three pages. Keep in mind, the business plan is a living, breathing document and as time goes on and your business matures, you will be updating it.

6. Finance your business

There are a tons of different ways to get the resources you need to start your business. Take a look and consider your own resources, circumstances and life state to figure out which one works best for you.

Fund your start-up yourself. Bootstrapping your business might take longer, but the good part is that you control your own destiny and equity.

Pitch your needs to friends and family. It can be hard to separate business from personal relationships, but if you're considering asking for a loan.

Request a small-business grant. There are government and non-government organizations who support SMEs by giving grants and subsidies. You can apply them with your business plan.

Apply to local investor groups. Online platforms and local investors networks can help you find potential investors who relate to your industry and passion.

Join a start-up incubator or accelerator. These companies/organizations are designed to help new or start-up businesses get to the next level. Most provide free resources, including office facilities and consulting, along with networking opportunities and pitch events. Some, also provide seed funding as well.

Seek a bank loan or line of credit. Ask following questions yourself before you apply for a loan.

- Is it likely I will qualify for the loan?
- How much do I really need?
- How much can I borrow based on the asset I'm using for collateral?

- Do I have adequate cash flow to repay the loan?
- Will the money help my business grow?
- How good is my business credit score?
- Are my personal finances in order?
- Do I have all the documentation I need to apply for the loan?
- Does the loan have a prepayment penalty?
- If I die, how will the loan be repaid?

7. Find a location

This could mean an office or a store. Your priorities will differ depending on need, but here are some basic things to consider;

Style of operation. Make sure your location is consistent with your particular style and image.

Demographics. Start by considering who your customers are. How important is their proximity to your location? If you're a retail store that relies on the local community, this is vital. For other business models, it might not be.

Foot traffic. If you need people to come into your store, make sure that store is easy to find. Remember: even the best retail areas have dead spots.

Accessibility and parking. Is your building accessible? Don't give customers a reason to go somewhere else because they don't know where to park.

Competition. Sometimes having competitors nearby is a good thing. Other times, it's not. You've done the market research, so you know which is best for your business.

Proximity to other businesses and services. This is more than just about foot traffic. Look at how nearby businesses can enrich the quality of your business as a workplace, too.

Image and history of the site. What does this address state about your business? Have other businesses failed there? Does the location reflect the image you want to project?

Ordinances. Depending on your business, these could help or hinder you. For example, if you're starting a day-care centre, ordinances that state no one can build a liquor store nearby might add a level of safety for you. Just make sure you're not the one trying to build the liquor store.

The building's infrastructure. Especially if you're looking at an older building or if you're starting an online business, make sure the space can support your high-tech needs. If you're getting serious about a building, you might want to hire an engineer to check out the state of the place to get an objective evaluation.

Rent, utilities and other costs. Rent is the biggest expense. Check out the utilities and whether they're included in the lease or not. You don't want to start out with one price and find out it's going to be increase later.

8. Make it Official

Get all of the legal aspects out of the way early. That way, you don't have to worry about ownership, benefit sharing and legal aspect

Get a Business/Trade License: You may be required to obtain a trade license from your municipal council/provincial council. Obtain the application, fill and submit with the registration fees. *Grama niladari*, Public health inspector and other related government officers according to the nature of business will visit your business location for inspection. If your location is up to the regulations, you will get the trade license. You need to renew your license on an annual basis. A business license is only valid through 1st of January to 31st of December in the same year.

Get a Business Name Registration: Obtain an application from regional secretariat, present a copy of your trade licence, copy of your NIC, GS certificate on your personal registration, documents related to the ownership of the land you use for the business and relevant permits obtained from relevant government organizations according to the nature of your business with the

completed application. You will get the business name registration within 5 working days.

Business structure: You can get a registration for your business at Department of Registrar of Companies as “Sole proprietorship”, “Partnership”, “Limited Liability Company”, “Private Limited” ...etc.

Permits: Based on the nature of your business you will need to get relevant permits from the relevant government body. It can be central environmental authority, wild life authority, tourism board...etc.

Necessary bank account: Maintain a separate bank account for the business. Don't mix up it with your personal expenses and savings.

IP Rights: You can protect your intellectual properties based on the nature. If it is a novel product or process apply for a patent to avoid others replicating your innovation. You can get a trademark for your business and copyrights for your literary and artistic works.

9. How Can You Protect Your IP Values?

Patent: A certificate granted on application that gives the right to exclude others from making, using and selling the patented invention for a period of 20 years from the date of application. The patent owner can use, or

commercialize by selling or licensing the patented technology and generate financial benefits.

Copyright: An ownership right you get when a literary work is created. The right of copying is restricted and unauthorized copying is banned. Literary works are two types.

- Conventional literary works: Novels, Poems, Technical literature, Paintings, Carvings, Sculpture, Plays and Dramas
- Modern literary works: Electromagnetic signals (*television signals and radio signals*), Music and movie disks, Computer programs (*computer programs fall both patents and copyrights. The method of the solution of the program is the patentable part and program alone is a copyrightable part*)

A copyright lasts 50 years after the death of the creator. The symbol © or the phrase “Copyrights Reserved” is explicated to show a particular work has copyrights. Copyrights are in two forms;

- Economic rights: right to reproduce, sell, rent, distribute, communicate to the public, and translate... etc.
- Moral rights: right to claim the authorship and right to oppose alteration or damage of the work

Marks: Design of a word or image or device or combination of them used to discriminate a product or service provided by a one party to another. Trademarks and service marks are valid for 10 years from the application date and can extend by on the payment. They should be easily distinguishable apart from other registered and well-known marks. Registered marks carry “R” and unregistered marks carry “TM” as an indication. There are number of types of marks.

- Trademark: Distinguishes goods.
- Service mark: Distinguishes services.
- Collective mark: Distinguishes goods or services by members of an association.
- Slogans: Slogans used to identify a particular product or service
- Colour marks: Colours used to identify a particular product or service
- 3-D marks: Visual appearance of a product or packaging.
- Motion mark: Motion pictures/videos/clips
- Non visible mark: Sound/texture/scent/ taste

Industrial Design: The external outlook of an article or a product or any construction. It can be a shape, pattern, configuration or a combination of these. A design can be registered if it has not been made available to the public anywhere in the world before the date of application for registration.

Integrated Circuit Topography (ICT): A layout of massive amounts of electronic components inside a chip or a circuit that perform a specific function.

Geographical Location: If you produce of a product that a specific geographical location affects to the creation to increase the value of the end product, you can get a certificate of ownership of the geographical location to produce that particular product. As some examples; Ceylon tea, French champagne, Indian cottage cheese.

10. How to Commercialize Your New Product?

When you obtained your patent, no one else in the same country can use your innovation without your permission. However, people in other countries can use your invention without your permission since the IP law in one country is not valid in another country. You can prevent importation of that particular invention from those countries to the country which patent is granted.

Since nobody can make economic gain with your patented invention, you have to do something to generate money with your invention what we call as “Commercialization”. There are three main methods of commercializing a patent;

Exploitation: You can produce and market the invention yourself or collaboratively under a collaboration agreement.

Assignment: You can assign/transmit your patent rights to someone else for a legal consideration and you get a value for your invention. However, you will not get anything other than mentioned in the agreement even if the invention may become a huge revenue generator. There are two types of assignment;

- Forced assignment: When you are an employee of an organization and the invention is done as a result of employment, patent right usually belongs to the employer. You will get an incentive according to the IP policy in the organization.
- Voluntary assignment: You can simply sell the patent right to someone for a price.

Licensing: You can give limited right to external party just like rent or lease a tangible resource. You can ask for a lump sum and a monthly/quarterly/bi-annually/annually royalty payments for your invention. Royalties are normally 0.5%-5% of the total profit generated. In this case you don't want to worry about sales and marketing of the invention. There are three types of license agreements;

- Exclusive license: Licensing the invention with exclusive rights in certain aspects. You can decide the terms and conditions as you wish.
- Sole license: Both licensor and licensee have rights to the patent. Both parties can decide the operations during commercializing the invention.

- Non-exclusive license: No restrictions are mentioned regarding using the invention. You can grant any number of licenses as you wish.

11. Develop Your Product or Service

After all the work you've put into starting your business, it's going to feel awesome to actually see your idea come to life. It can be one of your you can use for your own product developments. There are some important facts to keep in mind from the manufacturing to pricing your product/service.

A major point is that when you're actually crafting the product, you should focus on two things: simplicity and quality. Your best option isn't necessarily to make the cheapest product, even if it lowers manufacturing cost. Also, you need to make sure the product can grab someone's attention quickly.

You can't sell any product without a label. Create a label that includes trade name, description of the product in minimum two languages, contact details of the manufacturer and distributor, manufactured date and expiry date (if it is a food / beverage), batch number and storage requirements. If you sell a food item, your label should not be contacted with the food.

When you are ready to do product development and outsource some of the tasks, make sure you retain

control of your product/service and learn constantly. If you leave the development up to someone else or another firm without supervising, you might not get the thing you envisioned.

Also, make sure you have the necessary certificates or educational requirements, so that when someone inquires about your service, you're ready to jump at a good opportunity.

12. How to Build Your Team

Until you start to earn sufficiently to pay salaries/wages it's a good idea to run the business with your own effort and sometimes you can get the support of your family members and close friends. To scale up your business, you are going to need to hand off some responsibilities to other people. You need a team. Be careful when deciding whether you need a partner or employee, these three tips can help you find a good fit:

State your goals clearly. Make sure everyone understands the vision and their role within that mission at the very start.

Develop and follow a hiring protocol. When starting the hiring process, you need to take a lot of things into consideration, from screening people to asking the right questions and having the proper forms.

Establish a strong business/company culture. What makes a great culture? What are some of the building blocks? A great culture is more about respecting and empowering employees through multiple channels, including training and mentorship.

13. Start Getting Some Sales

No matter your product or industry, your business's future is going to depend on revenue and sales. There are number of different sales strategies and techniques you can employ, but here are four important facts you should not forget;

Listen. When you listen to your clients/customers, you find out what they want and need, and how to make that happen.

Ask for a commitment, but don't be pushy about it. You can't be too shy to ask for a next step or to close a sale, but you also can't make customers feel as though you're forcing them into a sale.

Don't be afraid of hearing "no". Some customers will directly say you "no!". Some people are too polite. They let you make feel you are good even if they have no interest in buying. That's a problem when you identify your real customers. Time is your most important resource and time will show the real position of you in that particular market.

Make it a priority. Creating revenue, and running a profitable business, is a good strategy for business, because it encourages you faster and make your priority towards the business.

But how do you actually make those sales? Start by identifying targets who want your product or service. Find early adopters of your business, grow your customer base or put out ads to find people who fit your business. Then, figure out the right sales strategy that can convert these leads into revenue.

14. Grow Your Business

There are a million different ways to grow a business. You could acquire another business, start targeting a new market, expand your offerings and more. But no growth plan will matter if you don't have the following key attributes that most of the growing companies have in common.

First, have a plan to market yourself. Use social media effectively. Understand exactly who you need to target. Approach them effectively through creative ways and avoid using common boring marketing methods.

Then, once you have a new customer, analyse and understand how to retain them. Create a space for them to build a relationship with you and your brand. Help them feel as good about that relationship as possible.

You'll constantly be competing for these customers in the marketplace, and you can never simply rest on your glories. Keep researching the market, hiring good people and making a superior product/service and you'll be on your way to building the empire you always dreamed about.

Best Wishes for Your Success!!!

Adopted from: McCreary, M. (2019). *Starting a Business*. [online] Entrepreneur Asia Pacific. Available at: <https://www.entrepreneur.com/article/297899> [Accessed 25 Nov. 2019].

**“A small business is
an amazing way to
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you live in.”**

-Nicole Snow

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