

# 16 Steps to Starting a Business While Working Full Time



# Achieve Your Startup Dreams



**W**elcome to the world of business ownership! Those who pursue the entrepreneurial route are of a different cut than the rest of the population: driven to pursue a passion and carve their own path to success. We're so glad you've chosen this road.

We at SCORE exist to support your efforts as a small business owner every step of the way—from dipping your toe in the water of a great idea to the full-fledged launch of your venture. Use this guide to make exactly that leap and utilize the support of a SCORE mentor to make the transition as smooth and effective as possible.

Thanks to the support of the U.S. Small Business Administration (SBA), SCORE mentoring and resources are completely free. Get connected with a SCORE mentor and access more free online tools at [www.score.org](http://www.score.org).

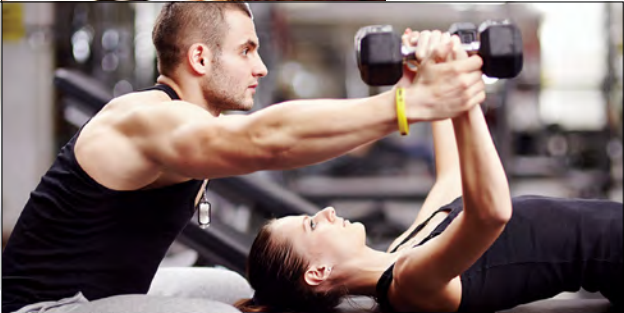
Starting a business is a daunting route to take but you don't have to go it alone. Arm yourself with the tools and expertise that will best guide your path.

A handwritten signature in black ink that reads "Ken Yancey".

KEN YANCEY, CEO

SCORE





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Do you dream of being your own boss? If you want to start a business, but aren't quite ready to give up your job and its accompanying security, salary and benefits, don't worry; you don't have to. Working full time doesn't have to mean giving up on your entrepreneurial dreams. In fact, starting a business while working full time is a great way to test the waters of entrepreneurship and gradually grow your startup into a full-time business.

# Select a Business

Perhaps you already know what kind of business you want to start; perhaps you just know you want to be an entrepreneur. To find the perfect business, consider:



**1. Your skills and experience.** Many people start businesses related to past jobs. For example, if you're an IT manager for a big corporation, you might start an IT consulting service. This approach simplifies startup because you already have the skills, knowhow and business connections to get your business off the ground. On the other hand, after working all day in IT, will you want to spend nights and weekends doing it, too? Also keep in mind that you can't approach your employer's clients as potential customers.

**2. Your interests and hobbies.** Some entrepreneurs decide to change course entirely and start businesses based on their hobbies or personal interests. After a long day at work, it's energizing to shift gears to a completely different business. On the other hand, your fun hobby may not seem as much fun when it becomes a serious business.

**3. Your personality traits.** It's important to select a business that fits you. If you're shy and dislike talking to strangers, a consulting business that requires cold calling and constant networking to attract clients may not be the right fit. If you're social and love interacting with people, on the other hand, you probably won't enjoy running an ecommerce site from your spare bedroom and connecting with customers only on-screen. Is your heart set on a business that requires traits you lack? Partnering with someone who possesses those qualities can put you on the road to success.

Assess your experience, interests and personality traits, then brainstorm possible business ideas to develop a list of options.



## Will It Work Part Time?

When starting a business while working full time, you must choose a concept that lends itself well to part-time operation and meshes with your personal and job commitments. For example, if you work 9:00 to 5:00 in your full-time job, it's probably not realistic to start a retail store that has to be open from 10:00 to 8:00.

However, with a few adjustments, many business concepts (even retail!) can be made to fit your needs. Take these factors into account when selecting your business idea:

## PART 1: GET READY

### 10 SMART STARTUP IDEAS

Looking for a business idea? The following businesses don't need a commercial location and can easily be run from home. Any meetings with customers can take place in the early mornings, evenings or on weekends, at their homes or businesses.

1. Ecommerce website
2. Tutoring service
3. Children's extracurricular activities (i.e., language, art or music lessons)
4. Catering business
5. Housecleaning/home services
6. Personal training
7. Interior decorating
8. Writing/editing service
9. Pet grooming
10. Photographer



free, you have more time to spend on a business. If you travel frequently for your job, work very long or unpredictable hours, or have a spouse and young children, you may need to start very small or find a business partner to help out.

- **Would your business require an outside location such as a store or office?** Where there's a will, there's a way. For example, if you're determined to start a retail store, you could enlist a partner who can run the store while you're at work. However, choosing a business that can be run from home—at least at the beginning—will make your life a lot easier. If you've always wanted a retail store, you could start with an ecommerce site and add a physical location when your business goes full time.
- **When and where will customers or clients expect to meet with you?** Businesses where most interaction with customers takes place over the phone or by email; at customers' homes or places of business; or during the evenings, nights or weekends are ideally suited to part-time operation. Since customers won't expect to meet with you during normal business hours, you can keep your day job.

- **What days and hours do you currently work?** Unless you can adjust your work schedule (for example, requesting an early morning shift so you have afternoons off), you'll need a business you can operate outside your current work hours.
- **What days and hours can you devote to your business?** Consider personal commitments as well as job responsibilities. If you are single, childless and have nights and weekends





# Write Your Business Plan

**W**hen you're starting a business part time, you may think you don't need a business plan. However, a business plan is important for any startup—big or small. Much more than a tool for obtaining a business loan, the business plan is the road map you will use to keep your startup on the right track.

Business plans typically include these sections:

## Executive Summary

1. The Business
2. Financial Forecasts
3. Supporting Data

We'll explain the Executive Summary last, because you'll write it last.

**1. The Business:** This section explains your business model—what your business does and how it will make a profit.

- Describe your business, your product or service and why there is a need for it.
- Explain who your target market is and how you will market to them.



- Describe the sales channels you will use to sell your product or service.
  - Detail who your competition is and what characteristics will enable your business to compete effectively.
  - List your experience and background, and that of any co-founders or partners.
- 2. Financial Forecasts:** Explain how much it will cost to start the business, where the money will come from and how you will spend it, and your financial projections for growth.
- List the equipment you'll need to buy and any other investments you must make to get started.
  - Explain where your startup money will come from, such as personal loans, savings or salary.
  - Project your income and expenses for the first year in business and estimate how long it will take to break even.
  - Include any outside investors or grants as an option of where your startup money may come from.
- 3. Supporting Data:** Like an appendix for the business plan, this section provides backup evidence for the information you included elsewhere, such as the size of the market for your product or service.

**Executive Summary:** As the name implies, this sums up all the information in the business plan. If you show your plan to investors, lenders or potential partners, this is the first and perhaps the only part they'll read, so it must convey all the key information needed to convince them your business is worth their consideration.



## BUSINESS PLAN RESOURCES

- Visit [BPlans](#) for hundreds of free sample plans you can use as templates.
- Check out [Business Plan Pro](#), popular business plan software that comes with more than 500 business plan formats for different business models and industries, as well as financial formulas, charts, graphs and tables built in.
- Need more assistance? [Wise Business Plans](#) is an online business plan service where writers with MBAs use your ideas to write a business plan for you.
- Visit the SCORE website ([www.score.org](http://www.score.org)) to download free business plan templates and get help from a mentor in putting your plan together.

# Goal Setting and Planning

**S**tarting a business can seem overwhelming, especially when you're also holding a full-time job. Goal setting and planning are crucial to success.

Use your business plan to map out your goals and the steps necessary to achieve them. When you know your overall business goals, such as how many sales you expect to make in your first quarter of business and when you anticipate reaching profitability, you can set smaller, interim goals to reach these larger milestones.

For instance, suppose your business model is an ecommerce website selling apparel and accessories for teenage girls. In order to get this business up and running, there are several goals you'll need to accomplish, including:



- Developing a website
- Finding sources of inventory
- Finding prospective customers
- Setting up mailing and shipping systems

Each of these goals can be broken down into smaller steps. For example, steps to developing a website would include:

- Choosing a domain name for your website
- Registering the domain name
- Finding a web hosting company
- Finding a web designer, website development company or website templates to create your website
- Determining what elements your website needs and how they will be laid out



- Choosing shopping cart and inventory software for your website

The more detailed you can be in laying out each step to startup, the better. For example, "Choosing a domain name" could be broken down into even smaller steps:

- Brainstorm domain names by myself
- Brainstorm domain names with friends and family
- Choose top five to 10 domain names
- Visit domain registrars to see which names are available
- Narrow down options and select one

If you break each step into smaller steps, achieving bigger goals will seem more manageable. When you're starting a business part time, you'll have limited time to work on your startup each day. Creating tasks you can complete quickly will give you a feeling of accomplishment and generate forward momentum.

Once you've listed your goals, sub-goals and the specific steps needed to reach each milestone, plan a timeline for your startup's launch. Create a timeline that is challenging enough to keep you energized, but realistic enough that you don't get discouraged. Perhaps you'll commit to accomplishing one small task each day, or one intermediate goal per weekend. Your SCORE mentor can help you develop a realistic timeline and keep you on track.

# Choose Your Marketing Methods

**M**arketing spreads the word about your new business to potential customers. It includes print and online advertising, direct mail, public relations, social media, word-of-mouth and more.

Start by creating a mission statement that succinctly and memorably expresses your business's purpose, your target customers and what differentiates your business from the competition.

For example, if you're starting a children's tutoring business, your mission statement might be, "Our mission is to help children grades K-12 reach their full potential through fun, individualized instruction that develops a lifelong love of learning."

The next step is to develop a consistent brand identity for your company. Your brand is the "personality" of your business.

Visual elements such as your logo, packaging and website design; your marketing copy; and even

the marketing methods you use all help convey your brand. In the example above, the brand is educational, personalized, caring and fun. Warm, bright colors; friendly, conversational copy; and lively design will all help convey this brand.

To choose your marketing methods, ask:

- **Who are your target customers? (Are they businesses or consumers? What are their demographics?)**
- **What media do they use? (Do they read print newspapers or prefer online blogs? Which radio or TV stations do they tune in to?)**
- **Where do they normally buy products or services like yours? (Online or in stores? From big-box retailers or small independents?)**
- **How will you sell your product? (Online, by wholesaling to stores, through sales representatives?)**

The answers to these questions, as well as your available time and budget, will determine what marketing methods work best. For



example, if your children's tutoring service has a target market of young, well-educated moms who are avid online shoppers highly influenced by social media, you should focus most of your marketing efforts online.

If you provide financial consulting services for retirees, on the other hand, and your target market reads print newspapers and magazines and enjoys getting direct mail, you should use print advertising and mailers.

Every startup needs marketing collateral, which can include:

- **Logo**
- **Business cards**
- **Letterhead and envelopes**
- **Website**
- **Brochures**
- **Fliers**
- **Mailers or sales letters**
- **Print or digital presentations**
- **Product packaging or labels**

You don't have to develop these all at once; start small with what you need now.

Your SCORE mentor can help you fine-tune your mission statement and business brand, choose the perfect marketing methods for your startup and determine what marketing collateral you need to get started. Visit [www.score.org](http://www.score.org).



# Figure Out Your Finances

**A**s a part-time entrepreneur, you'll rely on your own savings and loans or investments from family or friends to finance your new business. Banks rarely lend money to part-time startups. Managing your business finances professionally not only helps you make the most of your precious startup funds, but also prepares you to obtain loans or investors as your business grows.



Financial information you'll need to get started includes:

## Projected Startup Costs

How much it will cost to launch your business, and where is the money coming from? Startup costs include equipment, inventory, legal costs (such as incorporating the business or obtaining licenses), insurance, wages and taxes.



## Sales Projections

To project sales, figure out the units in which your products or services will be sold. Depending on your business, units could be products, hours or discrete services (such as preparing a tax return).

Next, estimate how many units the average customer will buy. For example, the average tutoring service customer might buy two units (hours) per week.

Finally, project when you will get paid. This varies depending on industry. For instance, an ecommerce business gets paid immediately via credit or debit card, while a tutoring service might bill monthly, with payment due in 15 days.

## Gross Profit Margin

Your gross profit margin is the dollar amount of sales, minus the direct costs of sales. Direct costs vary based on sales volume; for example, an ecommerce's business's direct costs include shipping and handling. Indirect costs (also called fixed costs or overhead) are those not affected by sales volume, such as salaries.

### FINANCIAL AID

SCORE has free, downloadable tools and templates to help with all aspects of financial planning, bookkeeping and accounting. To access these tools or get advice and assistance from a SCORE mentor, visit [www.score.org](http://www.score.org).



### Breakeven Analysis

The breakeven point occurs when your gross margin (sales minus cost of sales) equals your fixed operating expenses. To calculate the breakeven point, divide Total Operating Expenses by Gross Margin (as a percentage of sales).

$$\text{BREAKEVEN SALES} = \text{TOTAL OPERATING EXPENSES} / \text{GROSS MARGIN PERCENT}$$

Think of this as an algebra problem where X = breakeven sales. You should reach the breakeven point after six to 18 months in business. If not, you may need to rethink your business model.

### Cash Flow Statement

The cash flow statement details collections and payments—that is, cash coming into and going out of your business. Similar to a checkbook register, the cash flow statement shows your opening balance, expected deposits and withdrawals, and an ending balance for the month. As with your personal bank statement, you

should monitor your cash flow statement monthly or even weekly to make sure your business brings in more money than it spends.

You'll also need the following tools to manage your business's finances.

### Business Bank Account

Even the smallest startup needs a business bank account. Keeping business and personal expenses and accounts separate avoids problems at tax time and ensures you can take all the business deductions you're entitled to. A business bank account also shows customers and vendors you're a real business, builds your business credit rating, and is essential if you ever apply for a business loan.

### Accounting Software

Simplify startup and prepare for growth with an accounting and invoicing system that's easy to use. [QuickBooks](#) is the big name in small business accounting; [Sage One](#), [Freshbooks](#), [AccountingDepartment.com](#) and [FreeAgent](#) are popular solutions for small startups, one-person businesses and companies that use freelancers or independent contractors.

### Payment Processing

How will customers pay you? You may be selling products online and taking payment at the time of purchase, selling services or products in person and accepting payments at the time of delivery, or sending invoices after services are provided.

No matter how you ask for payment, your goal is to get paid as fast as possible. To speed things up:

- Find a credit card processor so you can accept credit and debit card payments. Look for one that can grow with your business, is convenient and has low fees.
- If you invoice customers, choose software that lets you invoice by email to get paid faster, and set up your business bank account to accept online payments.
- If you get paid in person—for example, if you'll be visiting customers' homes or selling products at a crafts fair—use a tablet or smartphone to take debit or credit card payments on the go with apps such as [Square](#), [Intuit GoPayment](#) and [PayPal Here](#).



**It's time to put the nuts and bolts of your startup in place. From buying business equipment and setting up your office to finding your first customers and managing your time, the tips on the following pages will help you juggle the responsibilities of your job, your life and your new business so you succeed in every area.**

# Know the Rules

**To stay on your current employer's good side while launching your business, here's what you need to know.**

## Terms of Agreement

If you signed a contract or employment agreement when you were hired, review these documents. (They should be in your employee manual, which you should also review). You may be prohibited from starting a competing business or soliciting your current employer's clients. Your employer may even claim ownership of your business or product if the idea was developed on company time, using company resources or while you worked for the company. If you're uncertain about your legal rights, consult an attorney. Breaching terms of employment could put your job and your new business at risk.

## To Tell or Not to Tell?

Should you tell your employer you're starting a business? In most cases, it's wisest to keep quiet. Your boss might assume that you'll quit soon, that you're less dedicated or that you're expendable if he or she knows you have a business of your own.

In addition, it's best not to mention your new business to your co-workers. Don't ask co-workers to buy products from you or refer clients to you. Rumors travel quickly, and gossip from co-workers could spread and harm your reputation.

## Do the Right Thing

Never use your current employer's time, premises or equipment to work on your startup. This applies not only during work hours, but after hours as well. You can't work at your desk from 9:00 to 5:00, then work on your business until midnight just because you're "off the clock." Nor should you use employer-provided computers, tablets, smartphones, networks or email accounts to do anything related to your business. Your current employer can legally access these devices and communications.



What about using personal devices to do business at work? You may not think you're "stealing" from your employer, but if you pick up your personal smartphone to answer a business email during work hours, you are on your employer's clock, not yours. To protect your reputation and your business, confine working on your startup to your own personal time and space. You can bring your laptop to work and use it to work on your business during lunch—as long as you go out to a coffee shop; you shouldn't do it while eating lunch at your desk.

Don't slack off at your job while starting your business. In fact, you'll need to work harder than ever. Volunteer for new duties or projects to gain skills and experience that will make you a better entrepreneur.

Maintaining your reputation at work will be invaluable as you transition to full-time entrepreneurship. Treat them right, and your former employer and co-workers can be powerful allies to your new business, providing referrals, giving you glowing references and even becoming customers themselves.





# Set Up Your First Office

**Y**our home is the logical place to set up a part-time business—but

first, find out if your community is zoned for home-based businesses. Many communities restrict or prohibit:

- Storing hazardous materials
- Creating nuisances (noise, odors, waste)
- Doing business outside
- Modifying a home's structure or adding signage
- Creating traffic
- Taking up excessive street parking with delivery, customer and employee vehicles, or commercial vehicles

Stay in your neighbors' good graces by keeping your business as unobtrusive as possible.

## Find Your Space

Take the time to create a home office space that fits your needs.



- **Do you need to meet with clients at home?** You'll want a separate office (such as a converted garage or guest house) or a room with an outside entrance.
- **Do you need to make products or package items for shipping?** You'll need plenty of space to spread out, or you may want to consider having your shipping services outsourced to a shipping expert if your product category or volume requires it.
- **Do you need inventory or materials?** Make sure you have a secure space to store them.

If you don't have a spare room, create a separate workspace by curtaining off a corner of the bedroom, screening off a spot in the dining area or buying a desk armoire for your business. Separating business and personal space helps you and your family see your startup as a real business, not just a hobby.

## Business Equipment and Services

You probably have some of the equipment you'll need to run your business, such as a computer, printer and smartphone. It's best to have a computer just for your business so you don't risk your kids accidentally deleting key client files. An all-in-one printer that scans, copies and faxes is an affordable printing solution. Or, save on startup costs by handling printing, faxing and copying at a business service center.

If your equipment needs are more specialized, talk to a SCORE mentor who can help you prioritize your purchases and find affordable sources of equipment, such as liquidators or equipment leasing companies.

## MEET AND GREET

If you need to meet with clients, but don't have space for a separate office at home, search online for executive suites or co-working spaces where you can rent conference rooms on an as-needed basis.



# Business Licenses, Taxes and Insurance

**C**hoose the legal form of your business with an eye to future growth. Your options include sole proprietorship (one individual owning and operating the business) or partnership (two or more individuals owning the business). These simple forms of business are fine for most startups' needs.

However, you should also take the time to understand other options, including the C corporation, S corporation and limited liability company (LLC). In these more complex forms of business, the business is a separate legal entity independent of its individual owner/s. While these forms of business have more paperwork and legal requirements, they provide important tax and liability advantages that can protect your personal assets. They can also make it easier to attract investors as your business grows.

## Licenses and Permits

Every business must register for a business license either in the state where it does business (for LLCs and corporations) or the county of residence (for sole proprietors and partners). Registration fees are typically less than \$200; you'll also pay annual renewal fees. Depending on your industry, you may also need state, county and/or municipal licenses. Visit your state, city and county websites for more information.

## Tax Time

You can deduct many of the costs associated with starting a business when you file your taxes. Deductible business expenses include:

- Equipment and furnishings
- Office supplies
- Business travel, entertainment and meals
- Mileage traveled for business purposes
- Health insurance

If you want to take a home office deduction, 1) your home must be your principal place of business and 2) the part of the home you deduct must be used exclusively for business. In 2014 the IRS introduced a simplified home office deduction option that streamlines recordkeeping. Get details by visiting [IRS.gov](http://IRS.gov) and searching for "home office deduction."

Keep detailed expense records; this simplifies accounting and protects you in case of a tax audit. Talk to an accountant or tax preparer to make sure you're filing your business taxes correctly for your form of business.

## Business Insurance 101

Most homeowners' or renters' insurance policies don't cover business equipment or furniture. If your equipment is minimal, such as a computer and printer, adding a rider onto your homeowners' coverage may be sufficient. However, if you have a separate office space, store inventory at home or have customers or suppliers visit, you will need additional protection.

Property coverage and general liability coverage protect you against loss, damage and lawsuits if anyone is injured on your premises. If you provide services such as consulting or accounting, investigate errors and omissions (E&O) insurance. This covers claims by clients who are harmed by an error you make, such as miscalculating their taxes. Talk to an insurance agent to determine your needs.

## MAKE IT LEGAL

Legal websites such as [Nolo](http://Nolo.com), [RocketLawyer](http://RocketLawyer.com) and [The Company Corporation](http://TheCompanyCorporation.com) offer information and resources explaining business formation options, advantages and disadvantages. Your SCORE mentor can help you make a decision; visit [www.score.org](http://www.score.org).



# Invest in Your Image

**I**f you want people to take your startup seriously, you must present a professional image. Fortunately, technology makes it easier than ever to give the impression that your business is bigger, more established and more successful than it really is. **To create a professional image:**

- **Get a full-service business mailbox.** When your business is run from your home, a full-service mailbox gives your business a professional mailing address, as opposed to an obviously residential one like 22 Cherry Tree Lane. It also keeps important business packages and mail such as checks and bank statements safe when you're away from home or out of town.



- **Obtain a separate phone number for your business.**

Smartphones typically let you host more than one number on a phone. Record a professional message on your business voicemail. Use a different ringtone for your business line and always answer calls to that number in a professional manner.

- **Set up a separate email address for your business.** It's best to use an email affiliated with your website domain (such as [yourname@yourbusinessname.com](mailto:yourname@yourbusinessname.com)), but using a Gmail address is widely accepted as well. Just make sure your email sounds professional, such as [businessname@gmail.com](mailto:businessname@gmail.com), not [blakefamily@gmail.com](mailto:blakefamily@gmail.com) or [kittylover123@gmail.com](mailto:kittylover123@gmail.com).

## IN THE CARDS

Unique business cards can make a big impression, especially if your startup is food, design or crafts-related. Consider business cards made of unusual materials like wood, plastic or metal; in unusual shapes or sizes; or with 3-D effects such as embossing or textured surfaces.



- **Invest in professionally designed and printed business cards, brochures, fliers, letterhead and marketing materials.**

Business cards or letterhead printed out on your computer create a low-budget image you want to avoid. Visit your local print shop or business service center for help with your printing needs.

- **If you sell or ship products, quality packaging makes a big difference in how customers perceive you, and can even enable you to charge**

**more than you otherwise might.** Pay attention to everything from the box your products ship in and the padding inside to the color and fonts of the label on the outside.

- **There's nothing less professional than losing an important document.** Ensure you always have key data or customer files accessible by using cloud storage options to securely store your data online. [OneDrive](#), [Dropbox](#) and [Google Drive](#) are popular options for small business use. To protect yourself in case of a computer crash, invest in a backup solution that automatically backs up your computer data online; [Carbonite](#), [Mozy](#) and [SugarSync](#) are popular with small and home businesses.

- **Last but not least, invest in yourself.** If your new business involves meeting with clients, make sure you are well groomed, dress professionally and carry quality accessories. Keep the vehicle you use for business clean inside and out.



# Find Your First Customers

**Y**ou're raring to go—all you need are customers. How to find them? Try the following tactics:

- **Get a business website:** Keep it simple with all-in-one website packages that include a domain name, hosting services and design templates. Popular options include [GoDaddy](#), [Web.com](#) and [Yahoo Small Business](#). If you're starting an ecommerce business, look for a website builder specializing in ecommerce, such as [Shopify](#), [Volusion](#) or [3DCart](#).
- **Use word-of-mouth:** Start your search for customers by asking friends, family members and acquaintances for leads. You never know who might introduce you to your first customer.
- **Publicize it:** Tapping into existing networks of bloggers who speak to your target audience, making connections, and offering content or services such as writing guest blog posts can align you with your target audience.
- **Get social:** Use social networks such as LinkedIn, Twitter, Facebook, Instagram and Pinterest to get your target market's attention. Create a social account for your business, and post useful content providing information, advice or entertainment. Interact with followers regularly, and link posts to your business website so followers can learn more about your business.
- **Advertise:** If your business targets local customers, use print ads in community newspapers, local directories or local magazines to reach them. You can also get customers by advertising on websites your target market frequents. For instance, a children's tutoring service can advertise on websites targeting moms of school-aged children, limiting the ads to moms in nearby ZIP codes.
- **Collect customer data:** Save time and market more effectively by maintaining data about prospects and customers. Customer relationship management (CRM) tools like [Really Simple Systems](#), [ZohoCRM](#) and [ContactMe](#) let you track every interaction, set reminders and schedule follow-up contacts.



- **Market with email:** Ask prospects and customers to sign up for email messages from your business. (Be sure to comply with the FTC's CAN-SPAM laws.) Email marketing service providers such as [Campaigner](#), [Constant Contact](#) and [iContact](#) let you create and send professional-looking emails.



- **Offer deals:** Offering discounts for your first customers can build a foundation for attracting more. This works especially well for businesses that provide recurring services. For example, a lawn-care service could offer six months' services for the price of three.
- **Become an expert:** Get attention from prospects by building a reputation as an expert in your industry. Offer to speak to local groups your target customers belong to about topics relevant to your business.
- **Buddy up:** Form alliances with established small businesses to help each other get customers. For example, if you have a dog grooming business, you could partner with a local dog-sitter to refer clients to each other.

# Manage Your Money

**Y**ou developed a financial plan and forecast as part of your business plan. As you launch your new business, use them to stay on top of your finances—both business and personal.



## Business Budgeting

Create at least a one-year business budget, broken down by months. Bookkeeping and accounting software simplify this task. How do you develop a budget before your business even starts? If you need help coming up with estimates, your SCORE mentor can help you determine:

- How you will price products or services
- The costs of producing your product or providing your services
- Your operating expenses
- Your startup equipment costs
- How much you'll pay yourself
- Your expected tax liability
- How many units you can expect to sell in the first year

Review the budget each month to ensure you have enough cash to meet business expenses. Also review it quarterly so you can spot larger trends and make adjustments if your income or expenses vary substantially from your projections.

Think of budgeting not as a chore, but as a tool for business growth. Careful budgeting ensures your business always has cash on hand to meet expenses. It also enables you to:

- Spot potential problems, such as upcoming cash shortages, and come up with solutions
- Set sales goals to help your business grow
- Determine if your profit margins are adequate to meet your income goals and adjust prices and expenses accordingly
- Plan for tax time

## ■ Show future lenders or investors that your business is well managed

Look at budgeting this way, and you'll be excited to do it because it's a way to measure your business success—and get closer and closer to making your business your full-time job.

## Personal Budgeting

While working full-time and running a startup, you'll need to keep personal expenses to a minimum. (Maybe it's a good thing you won't have much time for socializing, entertaining or vacations!) Develop a personal budget that takes into account expenses such as:

- Rent or mortgage payment
- Insurance
- Car payment and insurance
- Food
- Utilities
- Child care
- Personal expenses
- Retirement plan contributions

Last, but not least, be sure you budget a percentage of your paycheck to put into personal savings each month. This will build up a fund to help support you during the transition from part-time to full-time entrepreneurship. If you're tempted to spend the money instead of saving, have a set amount automatically transferred from your checking account to your savings account each payday.



# Manage Your Time

**A**s a full-time employee and part-time entrepreneur, your time will be at a premium. Make the most of every hour in the day with these strategies:

**Structure:** Setting a regular schedule makes you more productive. For example, plan to work on your business for three hours a day after dinner, or devote all day Saturday to it.

**Measure:** When you're switching focus from job duties to business duties and back again over the course of a day, keeping track of your time gets confusing. Use time-tracking software such as [Harvest](#), [HoursTracker](#) and [PayDirt](#) to track time spent on different tasks, clients and projects. This not only simplifies invoicing if you bill clients hourly, but also lets you see how well you are using your time.

**Outsource:** Startup business owners wear many hats. When you've got a full-time job, too, you may not be able to handle everything you want to. Outsourcing to freelancers or independent contractors can save time and decrease stress.

You should never outsource the core functions of your business, but you can outsource duties you dislike or aren't good at. Administrative tasks, such as scheduling or answering routine calls or emails, can be outsourced to a virtual



assistant. Choose one in a different time zone so your customer communications can be covered when you're at work.

Assess your business model and budget to determine if the productivity you gain from outsourcing is worth the price you'll pay. You can find independent contractors and freelancers in a wide range of specialties at websites including [Elance](#), [Freelancer](#) and [The International Virtual Assistants Association](#).

**Delegate:** If you outsource, you'll need to manage your independent contractors and freelancers. There are many tools to help you delegate effectively while keeping tabs on your virtual team.

- Project management tools such as [Basecamp](#), [Wrike](#) and [Trello](#) let you assign tasks and deadlines, check in with contractors via email and chat, view progress and more.
- Use cloud storage tools such as [OneDrive](#), [Dropbox](#) and [Google Drive](#) so you and your contractors can access data and documents online 24/7.

## IS IT TIME TO HIRE?

Hiring permanent employees is typically a bigger commitment than a part-time business owner should make. If you need more hands-on assistance than an independent contractor can provide, see if you can enlist family members and friends to help out.





# Manage Your Energy Level

**W**hen you're running a business and holding down a full-time job, you may feel like you don't have time to do anything but work. Keep in mind, though, that at this point you *are* your business—and if you neglect your health, your startup will suffer. Try these sleep, diet and exercise tips to help keep your mental, physical and emotional batteries recharged while you work on getting your new business off the ground.



- 1. Know your peak productivity.** Whenever possible, find the most productive time to work on your business based on your natural rhythms. Some people focus better early in the mornings; others come alive late at night. If you're exhausted after work, you may need to dedicate weekends to your startup. If you need some work-free time on the weekends to recharge, put in a few hours each day before work, after work or at night to focus on your startup tasks.
- 2. Get quality sleep.** Once in a while, you might have to pull an all-nighter for your business—but try not to make a habit of it. Without adequate sleep, you'll be less effective. Get more

restful sleep by keeping your bedroom cool and dark; banning smartphones, tablets and laptops from the room; and “winding down” with a relaxing activity half an hour before bed. Also try to go to sleep and get up at the same time every day—even on weekends. This will help you stay more energized.

- 3. Eat right.** Heavy, greasy or fatty meals slow you down. Instead, eat lean proteins, fruits, vegetables and whole grains for maximum energy. Since your busy schedule will likely mean grabbing meals on the go, pack snacks like energy bars, raw nuts and fresh fruits or vegetables—they're portable and provide sustained energy. Avoid sugar and excessive caffeine; they pep you up briefly but you'll quickly crash. Stay hydrated with plenty of water, and drink herbal or green tea instead of soda and coffee.
- 4. Make time for fitness.** You may have to cut back your fitness routine to fit in your startup duties, but don't give up exercise altogether. Many entrepreneurs get their best ideas and insights when working out. Instead, find ways to squeeze in short



workouts. If driving to the gym, changing, swimming, showering and driving back takes too long, substitute 15 minutes of calisthenics in the morning, a quick walk around your office park on your break and a brisk walk with your family after dinner. By getting shorter, but more frequent, sessions of activity in during the day, you will enjoy many of the physical and mental benefits of longer workouts, without feeling as if you're taking time away from your business.

- 5. Build in downtime.** Schedule at least 30 minutes a day for an activity that restores you, such as reading, pursuing a hobby or spending time outdoors. Avoid pastimes that drain rather than recharge your energy, such as watching TV or surfing the Internet, in favor of more active pursuits.

# Create Work/Life Balance

**S**tarting a business while working full time requires a delicate balancing act. You not only have to manage your job and your startup, but also make time for your personal life.

This is easier if you're single and childless, but if you have a significant other and/or children, you'll need to take them into consideration, too. Here are some suggestions to keep things happy on the home front.



- 1. Get real.** Be honest with your family about what the business will require from you and how it will affect their lives. Don't try to minimize the challenges you'll face, or you're just setting them up for disappointment later.
- 2. Work together.** Before starting your business, brainstorm with your family about problems that might arise and ways you can handle them. For instance, if you won't be able to attend all of your children's sports events because you'll be meeting clients after work, can you promise that you'll still attend the playoffs?
- 3. Keep lines of communication open.** Ask your family to let you know when your business is negatively affecting them so you can nip the problem in the bud. When people don't communicate, resentment festers.

- 4. Do one thing at a time.** When you're trying to accomplish so much, multitasking may seem like the answer. In reality, giving every task your undivided attention will get better results. When you're working, focus on work; when you're not working, focus on what you're doing. You'll feel far less frazzled.
- 5. Involve family members in the business.** If feasible, get your family involved in your startup so they'll feel invested in its success, too. Can your spouse design your business website or handle your bookkeeping? Can your children stuff envelopes, make copies or help package products? Getting the help you need while spending time together is a win-win for everyone.
- 6. Cut back on non-essentials.** Your focus during startup must be on your job, your business, your family and your own wellbeing. Eliminate anything that doesn't support these priorities. That may mean eliminating or drastically curtailing activities such as socializing, volunteering or attending cultural events.





# Work Your Business Network

**Y**ou may be keeping your new business a secret at work, but you need to spread the word about it to the outside world. Networking is essential for every business owner, especially those in the startup stage.

**You can network to:**

- Build or expand your mentorship resources for further guidance and advice in your new industry/for your new business
- Learn about resources that can help you grow your business
- Meet potential clients and customers
- Get introduced to vendors and suppliers
- Find potential contractors, freelancers or even future employees for your business
- Build your image and reputation in your industry and community
- Discover new business opportunities

## Get Social

Social media is an ideal networking tool for busy startup entrepreneurs. You can make valuable connections anywhere, anytime you have a spare moment. For business networking, LinkedIn is the place to be. The work-oriented social site enables you to connect with, learn from and get introduced to industry leaders, potential clients or partners and more.

## Person to Person

Meet new prospects or partners who can help your business grow at the local chamber of commerce; leads clubs; industry-specific networking groups; or organizations for minority, women, home-based or veteran entrepreneurs.

Attend networking events with an open mind, a friendly attitude and plenty of business cards (yes, even in today's high-tech world,



they're still essential networking tools). Gradually, you'll find one or two organizations where you feel at home—and where your networking really gets results.

## Mentors and Advisors

Advice, ideas and moral support from a mentor or advisor who's "been there, done that" can make a huge difference during startup. Your friends and family may have encouraging words, but sometimes you really need to talk to someone who knows what it's like to start and run a business. SCORE mentors ([www.score.org](http://www.score.org)) can offer the encouragement and assistance you need to reach

your goals. They can also connect you with attorneys, accountants and veteran businesspeople experienced in every aspect of running a small business.



Starting a business while keeping your full-time job is challenging, but it's also one of the best ways to discover if you have what it takes to be a true entrepreneur. If you can handle the hard work and long hours needed to juggle your business, your job and your personal life, you'll be well prepared for the demands of running a full-time business. How do you know when it's time to make that transition?

# Go for It!

**B**efore you take the leap to full-time entrepreneurship, ask yourself these questions:

## Is my business ready?

When you wrote your business plan, you set goals you wanted to achieve. If you've reached those milestones, it's probably time to devote yourself full time to your business. Here are some common milestones you might use to determine your business's readiness.

- You have developed a new product, produced it and successfully found a market for it.
- You have obtained outside financing to take your startup to the next level.
- You have more business than you can handle.
- You have expanded as far as you can working with freelancers and independent contractors, and need to hire employees.
- Your business has reached a certain level of sales. In general, if your business is making enough to pay yourself one-third of your current salary, you are probably in a good position to leave your job.



- Growth opportunities have presented themselves, but you need to move out of your home-based office into a commercial or retail space to take advantage of them.

## Are my operations ready?



Before you quit your job, make sure that you have the following in place:

- Systems and processes you can use to scale your business
- Adequate equipment, software and other tools for full-time operation
- A solid business credit rating and a good relationship with a business banker
- Professional advisors such as an accountant, attorney and mentor
- Adequate vendor and supplier relationships to meet the needs of a growing business



## WHAT IF...?

- If you need to devote more time to your business, but also need the income from your job...see if your current employer will hire you as a part-time independent contractor. You'll still have income, plus the freedom to devote more time to your business.
- If you need to devote more time to your business, but also need the benefits from your job...see if you can work part time at a level of hours that qualifies you to maintain your benefits.

### Am I emotionally and mentally ready?

Take stock of how you and your family feel about your business so far. The challenges of running a full-time business are different than you've faced so far, but equally demanding—so don't expect life to get easier (although it will get even more exciting and rewarding). Consider:

- Are your personal relationships suffering as a result of your business?
- Do you have a strong support system of friends, family and mentors to encourage you in your transition?
- Do you feel excited and energized about quitting your job? (It's OK to feel a little bit nervous, too.)

### Am I financially ready?

Insufficient capital is the number-one reason startup businesses fail. Before leaving the security of your full-time job, make sure your new business is on firm financial footing.

- Have you put enough money aside from your paychecks to support yourself until you can draw a full-time salary from your business?
- How will you replace essential benefits that your employer offers, such as health insurance or life insurance? Assess the cost of continuing your existing health benefits through COBRA or buying similar benefits on the open market.
- If you have not yet reached breakeven, do you have enough working capital to keep the business going until you do?

- Do you need to make any major personal financial moves, such as obtaining a home equity line of credit or refinancing your home? Do so before you quit your job. It's harder to do these things when you are self-employed, especially when your business doesn't yet have a financial track record.

### Say Goodbye...and Hello

When it's time to say goodbye to your full-time job, be sure to leave on a positive note. Thank everyone you worked with and stay in touch with your former employer, co-workers and other colleagues. These valuable contacts may be able to refer you to clients, become clients or serve as references to help you get new business.

Then say hello to your exciting new life as a full-time entrepreneur. You're the one in control of your destiny now ... and your business's growth is limited only by your imagination, ambition and energy.

SCORE mentors can help you start and grow the business of your dreams. Visit [www.score.org](http://www.score.org) to connect with a mentor today.



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