

Encore Entrepreneurs

Welcome to the SBA's online training course, Encore Entrepreneurs - an introduction to starting and running your own business venture. This training course is a product of SBA's Office of Entrepreneurship Education.

The course is a self-paced training exercise designed for individuals planning to start a business after earlier career endeavors. It is a practical program with real life examples and helpful tips.

You will find the course easy to follow and the subject matter indexed for quick reference and easy access. It will take about 30 minutes to complete the training program. Additional time will be needed to review included resource materials and to complete the suggested next steps at the end of the course. The course includes audio narration so please adjust your speakers accordingly. Accessibility enhancements including keyboard shortcuts, image tags, and transcripts available for all content are available for this course.

The highlighted next steps at the conclusion of the program will help you apply what you have learned and engage you in the process of starting your own business. When you complete the course, you will have the option of receiving a printed certificate of completion from the SBA. Click the forward button below to get started.

The course has three key objectives:

1. Discover how to turn your entrepreneurial Idea into a business reality
2. Define and describe components to forming a new business
3. Sharing resources to help your new business succeed.

There are 10 topic sections within the course. Each section covers a different aspect of entrepreneurship for seniors. The course begins and sets the tone by defining what entrepreneurship for seniors is. It then describes in some detail how to establish a new business. Some of the areas covered include:

- 1) The Rise in Senior Entrepreneurs
- 2) How to Develop a business plan
- 3) How to choose a business model

Numerous additional resources are identified to assist you. You will notice a button toward the top of each slide that allows you to access the course outline. Clicking that button will give you quick access to any section of the course.

So, let's get started. To advance to the next section, click on the continuation button on the bottom of your screen.

Rise in Encore Entrepreneurs

There are as many reasons for starting a small business as there are Americans reaching retirement age. Corporate layoffs, the need for supplemental income, and a desire for a more flexible lifestyle can all play a part. Advanced technology is leveling the playing field for small businesses, and many individuals approaching retirement are now able to realize their personal ambition to be the boss and reap the rewards. 15 percent of workers ages 50 to 64 are self-employed—and that rises to 25 percent for workers 65 or older, according to government figures.

Owning your own small business can be an exciting change of pace, as well as a terrific way to stay engaged and productive. As a workforce veteran, you bring a great deal to the table: maturity, strong finances, and a wide network of professional contacts and associates. For many older entrepreneurs, starting a small business can be an opportunity to transform a lifetime hobby - such as fishing, investing, writing, or photography - into a lucrative line of work. Sole proprietorships, home-based and online businesses are often a natural fit for older small business owners, mainly because they are less expensive to start and allow for more flexibility. A popular option is buying and selling merchandise through online auctions and e-tailers. No matter what kind of small business you are interested in, there are some basic concepts you need to understand to help you in the planning process. Whether you are interested in starting a side business right away or intend to wait until retirement, now is the time to explore the possibilities—starting a business, purchasing a business, or buying a franchise - through the help of the SBA and its resource partners.

Some Things to Consider as you Start a Business Later in Life

Below are some tips to help you formulate your business idea and put it into action - in the context of your retirement planning and needs.

1. Be Clear About What You Want

Starting a business can be more than a full-time job, especially in its infancy. So it's important to assess what you want from your business and how much time can you dedicate to your venture. If you still want time to yourself, build some flexibility into your business planning and schedule, which gives you time to dedicate to other interests. Many business types give you the option to be flexible - home-based businesses, online businesses, consulting, freelancing, and so on. With this kind of flexibility you can adjust and scale your commitment as needed. If you need some help assessing your readiness to start a business, use this "Start-Up Assessment Tool" from the SBA.

2. Choosing your Business Idea

Whether you want to pursue a hobby or capture a market for your very particular skills, doing something you are good at and that you enjoy is essential to success. You will also need to ask yourself what you want - your chosen business path has to suit your lifestyle, your family, and

your pocketbook.

And, remember, you don't need to come up with the latest hot trend or reinvent the wheel. Most new business ideas succeed because they serve an unfilled niche in their community or industry or do something better or different than the competition. Ask questions such as:

- What are you interested in?
- What skills or experience do you have to offer?
- How do you want your life to look?
- Can you see a gap in the market?

3. Does it Have Income Potential?

This is a tricky one and many entrepreneurs have run the risk of wearing blinders through this part of the business planning process.

But having a clear picture of the cost of starting a business together with its potential to earn income is critical - particularly if you are already retired and living on a fixed income. In such situations, focus on keeping your start-up costs low. You might want to consider starting a home-based business and make use of technology to your advantage). Focusing on doing something you like and are good at (particularly if you have a reputation for it) will go a long way to setting you on the right path.

Talk to a small business expert or financial advisor also - they can help you gauge your initial costs and income potential as well as provide guidance on financing options and good cash flow management.

4. Develop a Flexible Business Plan that Steers Your Business

Tasked with writing a business plan, most entrepreneurs would rather put off the inevitable. But the truth is, business planning isn't rocket science and doesn't require you to create the equivalent of a polished thesis! A good business plan is simple, flexible, and manageable - it steers your business, rather than prescribes it.

A good business plan should address your strategic direction and contain mini-plans that address the different aspects of your business. For example, you'll need a sales and marketing plan, a finance plan, and potentially a staffing plan. As your business grows, so does your plan.

5. Take the Necessary Legal and Regulatory Steps to Get Started

Having the determination and cash to start a business is one thing, but there are several steps you also need to take to ensure your business is registered with the appropriate authorities - for taxation and licensing purposes. It's also important to note, that all businesses require some form of permit, even home-based businesses. This quick checklist from the SBA -- 10 Steps to Starting Your Business -- guides you through what you need to do and also points to some useful resources.

6. Decide on a Business Model

When you are starting a business, one of the first decisions you will have to make is how to legally structure your business. Common options include: sole proprietor, corporation or a limited liability company. When you start a business, you may be operating on your own and may not need to formally structure your business right away, but it's a good idea to have an overview of your options which protect your personal liability and set you in good stead for the long run.

Here are some options you can consider:

Sole Proprietor: a type entity owned and run by one individual, with no legal distinction between the owner and the business. The owner receives all profits subject to taxation and has unlimited responsibility for all losses and debts. Sole proprietors are usually freelancers or micro business owners. You will still need to register your business with federal and state authorities.

Read the SBA's guide *Self-Employed Independent Contractors* to learn more

Partnership: A single where two or more people share ownership. Each partner contributes to all aspects of the business including money, property and labor of skill. In return each partner shares in the profits and losses of the business.

Read SBA's guide to *Partnership* to learn more

Limited Liability Company (LLC): A legal form of company that provides limited liability to its owners in most of the United States. LLCs don't need to be organized for profit. Members can consist of a single individual, two or more individuals, corporations, other LLCs and even other entities.

Read SBA's guide to *LLC's* to learn more

Businesses you can start with little capital

* Consulting for your former employer or in your old industry - Just because your former employer downsized doesn't mean all the work you used to do disappeared miraculously. Stories are legion about employers rehiring as consultants the very people who used to work for them as employees. Don't underestimate the value of your skills on the open market. Use your industry contacts, online networking and freelance marketplaces to find opportunities.

* Web businesses - Publishing ad-supported content websites; affiliate marketing; SEO consulting; ecommerce sites; and eBay sales are just some examples of Web-based businesses that growing numbers of entrepreneurs thrive at.

* Virtual assistant - With so many people working virtually, and the volume of email and other correspondence growing, the need for virtual assistants will grow.

* Online social media consulting; online content production - To say that social media has exploded in the past year is an understatement. But social media, and the content that goes along with it, is time-consuming for many businesses -- they will need help.

* Convenience services for consumers - As we come out of the recession and pocketbooks open up again, the little conveniences (think 'dog walking' or 'house cleaning' or 'gourmet coffee') are affordable luxuries that consumers look for.

- * Pet businesses -- Americans spend \$10 billion a year on pet supplies and over \$3 billion on pet services* -- and those numbers are projected to grow.
- * Kids products or services - Today you can find kids' online communities; spas just for kids; even entrepreneurial support programs for children and teenagers.
- * Mobile apps development and mobile consulting - There are four times the number of cellphones* in the world versus computer (4 Billion vs.. 1 Billion) and 20% of all U.S. households are now 'mobile-only'. Businesses are jumping on the mobile marketing bandwagon and will need help to navigate the road and reach their target customers.
- * Specialty foods - Consumers are more health and wellness conscious today, driving demand for specialty foods (example: gluten-free baked goods). Do check into FDA and state inspection/licensing requirements for food businesses.
- * Landscaping and handyman services - Homeowners and businesses seem to always need help keeping up their premises. Handyman and landscaping businesses are relatively easy to start.

Financing your Business

Not all businesses need a significant amount of financing to get off the ground. Home-based businesses, for example, can be started for around \$1,000 or less and most of the start-up costs can be funded with a business credit card. Home-based franchises can also be started for as little as \$2,000.

Get Advice from SCORE

A great place to start weighing up your financing options is to talk to an expert business counselor from SCORE, a nationwide nonprofit association dedicated to educating entrepreneurs and helping small businesses start, grow, and succeed. SCORE pairs aspiring business owners with mentors who have extensive real-world experience.

Access Capital via SBA-Backed Small Business Loans

These loans include a range of options and are available for a variety of purposes, including starting and expanding a business, exporting products or services overseas, and supporting green industries.

Private Investment Money

Private investment in the form of venture capital, angel investing, and even government venture capital programs tend to be reserved for high growth start-ups.

Borrowing Against or Tapping into Your Retirement Account

Here are three options for using your retirement plan to fund your business:

1. Borrow Against your 401(k) - Instead of simply withdrawing funds outright, you could take a personal loan from your retirement account. If you have a 401(k) account you can typically borrow up to 50 percent of your funds or \$50,000, whichever is less. Be sure to talk to your accountant and your existing 401(k) administrator and get the right professional advice before embarking on this option.
2. Tap into Your 401(k)/IRA to Invest in Your Business - If you really must tap into your retirement funds, tax law allows you to do it without penalty if you follow the rules - which can get complicated. Essentially, you will need to structure your business as a C Corporation that will issue all of its stock and transfer it to a new 401(k) profit-sharing plan in exchange for the cash in the plan. While it only takes a few steps to get started, you will need the help of a tax attorney or accountant to handle incorporating and setting up the new retirement plan.
3. Withdraw Directly from Your 401(k) - This should be your last option. Anything you withdraw is subject to regular income taxes and could draw a hefty tax penalty, depending on your age (10 percent for those 59½ years old or younger).

Calculate the cost of starting your own business

Before you do any estimating it's important to understand how startup costs are categorized. All startup costs (meaning the period before you start generating income) include two kinds of spending: expenses and assets.

1. Expenses - These are the costs for operations that occur during the startup phase, although they will continue throughout the life of the business. Startup expenses include deductible items such as travel, payroll, rent, office supplies, marketing materials, etc. Expenses also include initial organizational costs like legal fees, state incorporation fees, etc. You can write off up to \$5,000 in business startup costs and another \$5,000 in organizational expenses in the year that you start a business.
2. Assets - Also known as capital expenses or expenditures, these are the one-time costs of buying assets such as inventory, property, vehicles, or equipment as well as making upfront payments for security deposits. These startup assets don't usually qualify for deduction, however, some can be written off through depreciation at tax time.

Here are some Questions to Ask to keep costs down

- * Could you run a home-based business?
- * Instead of buying inventory upfront could you have manufacturers drop ship?
- * Could you subcontract rather than hire employees?
- * What about buying surplus office equipment and furniture from the government at or below cost?

Now that you have completed the course, take the next steps. Put what you have learned into action:

- Step 1) Identify a business idea that you want to start
- Step 2) Describe your ideal customer or client and how you can help them
- Step 3) Identify sources of funding to start your business
- Step 4) Prepare a business plan and discuss it with a mentor, business coach or SBA

representative

Many resources are available to assist you. The following resources can help you build a foundation of knowledge. SBA has over 60 district offices throughout the country to help you start and grow your business.

There are more than 1,000 small business development centers located around the country. SBDCs provide management assistance to current and prospective small business owners. SCORE is a powerful source of free and confidential small business advice to help build your business. More than ten thousand SCORE volunteers are available to share their experience in lessons learned in small business. Women's Business Centers assist women and men in achieving their dreams by helping them start and run successful businesses. Some 90 WBCs are located around the country. Click on these resources to learn more and access their assistance.

These additional and more specific resources can help you find demographic information about your market and provide more detailed information about setting up your business. Knowledge is power, use these resources to help you.

You likely have many questions and ideas related to your business endeavor. This course has covered a lot of material. There is a lot to learn about starting your own business. If you have questions about starting your business, please contact SBA or one of our partners. Any of our affiliated organizations will do their best to help you. Use the 800 number or referenced hyperlinks to contact us directly.

Congratulations on completing this course. We hope it was helpful and provided a good working knowledge on how to set up your business. You earned a certificate of completion from the SBA. Thank you for completing the Encore Entrepreneurship course and good luck with your business and future plans. Click the button below to receive a certificate of completion for this course from the SBA.