



Foster College of Business Administration
Turner Center for Entrepreneurship
Small Business Development Center

BUSINESS FEASIBILITY - PERSONAL FACTORS

Step 1. Identify Your Personal Objectives

When evaluating your business idea, one of the elements to consider is its ability to satisfy your wants and needs. If it cannot, you will most likely be unhappy with the business, and an unhappy owner usually makes a poor manager. Poor management is a leading cause of business failure.

Stating the risks you are willing to take for the potential rewards will help you decide whether the business is right for you. Take a few minutes to identify the financial and personal needs objectives that are important to you. Be honest with yourself!

NOTE: Objectives are very personal; each person's will be different. The importance of these lists is to make you think about the real reasons you are considering starting your own business.

- Yes No Annual vacations are important to my family and me. We never miss them.
- Yes No I like to leave my work at the office at the end of each day. I think about it only when I return the next morning.
- Yes No I am willing, and able, to concentrate on the business to the exclusion of family and friends.
- Yes No I am in good health and have no family members with health problems.
- Yes No I am comfortable with uncertainty, even if it means not being guaranteed a regular paycheck.
- Yes No I enjoy working with people, even disagreeable ones.
- Yes No I want to be my own boss.
- Yes No I want to become well-known in my community.
- Yes No I want to be the sole owner of my business.
- Yes No I am willing to take a partner/investor into my business.
- Yes No I must have a regular paycheck.

I want to work ___ hours per day, ___ days per week.

I like to spend ___ hours per week engaged in my hobbies or other leisure-time activities.

I want to employ _____ people.

I want to employ _____ members of my family or friends.

I want to make \$ _____ per year.

I must earn at least \$ _____ annually.



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I am willing to invest \$ _____ to start my business.

Write a description to complete the following sentences:

The skills I have and want to use in running my business are:

The jobs I want someone else to handle are:

The assets that I own and am willing to use as collateral on a business loan are:

Step 2. Identify Your Personal Skills and Experience

Your business idea may be a very viable one, but without good management skills to execute it, your chances for success are poor.

This does not mean that you must yourself possess all the necessary management skills. It does mean that you must know your weak points, so that you can either acquire skills in those areas or hire someone who has them. Be aware though that an overdependence on others may expose you and your business to significant risk.

Your chances for success are usually much better if you have direct work experience in the type of business you plan to start. Past experience provides key contacts in the industry or community that can help as you establish your own operation. Past experience provides first-hand knowledge that cannot be learned from a book. It gives you credibility.

The Management Skills Checklist identifies some of the skills that business owners need in order to insure that they can adequately control their businesses. Evaluate how well prepared you are to manage your business by checking the appropriate category under each skill.

Use the space below the checklist to list the name of the person who will provide any skill that you do not have and will not obtain through training. For those skills you intend to learn, identify where and when you plan to get training.



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Management Skills Checklist			
SKILLS	I Know How	I Need Training	Someone Else Will Do
Establish & maintain financial records			
Prepare operating budgets			
Put together a loan proposal			
Compile financial statements			
Meet payroll & sales tax requirements			
Analyze financial performance			
Project & control cash flow			
Purchase & manage inventory and/or supplies			
Determine credit worthiness of customers			
Collect past-due accounts			
Price my product/service			
Promote my product/service/business			
Hire & train employees			
Monitor employee performance			
Motivate employees; build a team environment			
Manage my time			
Delegate work to others			
Negotiate agreements/contracts with suppliers, customers, etc.			
Schedule production work, including labor, machinery, & material needs			
Install quality control methods & conduct follow-up measurement			
Meet basic legal requirements, including those related to employment, zoning, safety/health, waste disposal, etc			
Identify & make changes necessary to maintain the business's success			

Complete the following statements:

Names of people or places who will satisfy "I Need Training" requirements:



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Names of people or places who will satisfy "Someone Else Will Do" requirements:

Step 3. Identify Your Personal Financial Resources

A critical element in the analysis of your business idea's feasibility is evaluating how much of the business's financial needs you can meet from your personal resources.

It is unrealistic to assume that you will be able to borrow all of the money you need to start your venture. Virtually every lender - aside from family and friends - will require you to put in some money of your own, either in the form of cash or assets. As a general rule only, plan to provide around 20% of the total funding needed (either in cash, assets, or both) to start your business. In order to determine whether you have an adequate amount of money to put into the business, you need to summarize your personal financial resources. Use a Personal Financial Statement to identify your current financial condition. Most often, a bank will provide you with and insist that you use their own Financial Statement form.

Instructions for completing a Personal Financial Statement:

Name Business Phone ()
Residence Address Residence Phone ()
City,State,Zip Code
Business Name of Applicant/Borrower

1. Specify the date for which information is given.

NOTE: You always need a personal balance sheet when you are attempting to borrow money. Lenders require that your information be recent, so prepare your statement as of the latest month for which you have information but not more than two months old.

2. List the dollar value of each of the Assets that you own. State market values for stocks and bonds, real estate, automobiles, other personal property, and other assets.

3. Add the Assets column and show the amount in the Total Assets blank. This is the value of all your properties and possessions.

4. List the dollar amount of each of the Liabilities that you owe. Be sure to include credit card debts.

5. Add the Liabilities column and show the amount in the Total Liabilities blank. This is the total amount you owe others.



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6. Now, subtract the Total Liabilities amount from the Total Assets figure. The difference is your Net Worth, the portion of your assets that exceeds the debt you owe others. Write this amount in the Net Worth blank. Write the sum of the Total Liabilities and Net Worth amounts in the Total Liabilities and Net Worth blank - this should equal the amount shown as Total Assets.

NOTE: If your total liabilities amount is more than the value of your total assets, you have a negative net worth. In other words, you owe more than you have. It is unlikely you can borrow money from conventional financing sources if this is the case.

7. Section 1: List all income amounts that you receive and describe their source. Also, identify any contingent liabilities for which you may be liable. For example, if you have co-signed a note payable or personally guaranteed a business debt, your dollar liability should be shown.

8. Section 2: List all notes payable to banks and others, including automobile notes.

9. Section 3: List all stocks and bonds that you own.

10. Section 4: List all real estate that you own. Identify the type of property, e.g, residence, rental house, timber land, etc.

11. Section 5: List other personal property that you own. Examples include antiques, paintings, jewelry, boats, farm or lawn equipment, and household furnishings.

Also in Section 5, list other assets that you have. If you own another business, list the value of your equity in the business.

12. Sections 6 and 7: Describe any unpaid taxes or other liabilities that you owe.

13. Section 8: Identify all life insurance policies that you or your spouse have. Complete this form for: (1) each proprietor, or (2) each limited partner who owns 20% or more interest and each general partner, or (3) each stockholder owning 20% or more of voting stock and each corporate officer and director, or (4) any other person or entity providing a guaranty on the loan.

* Alimony or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.

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