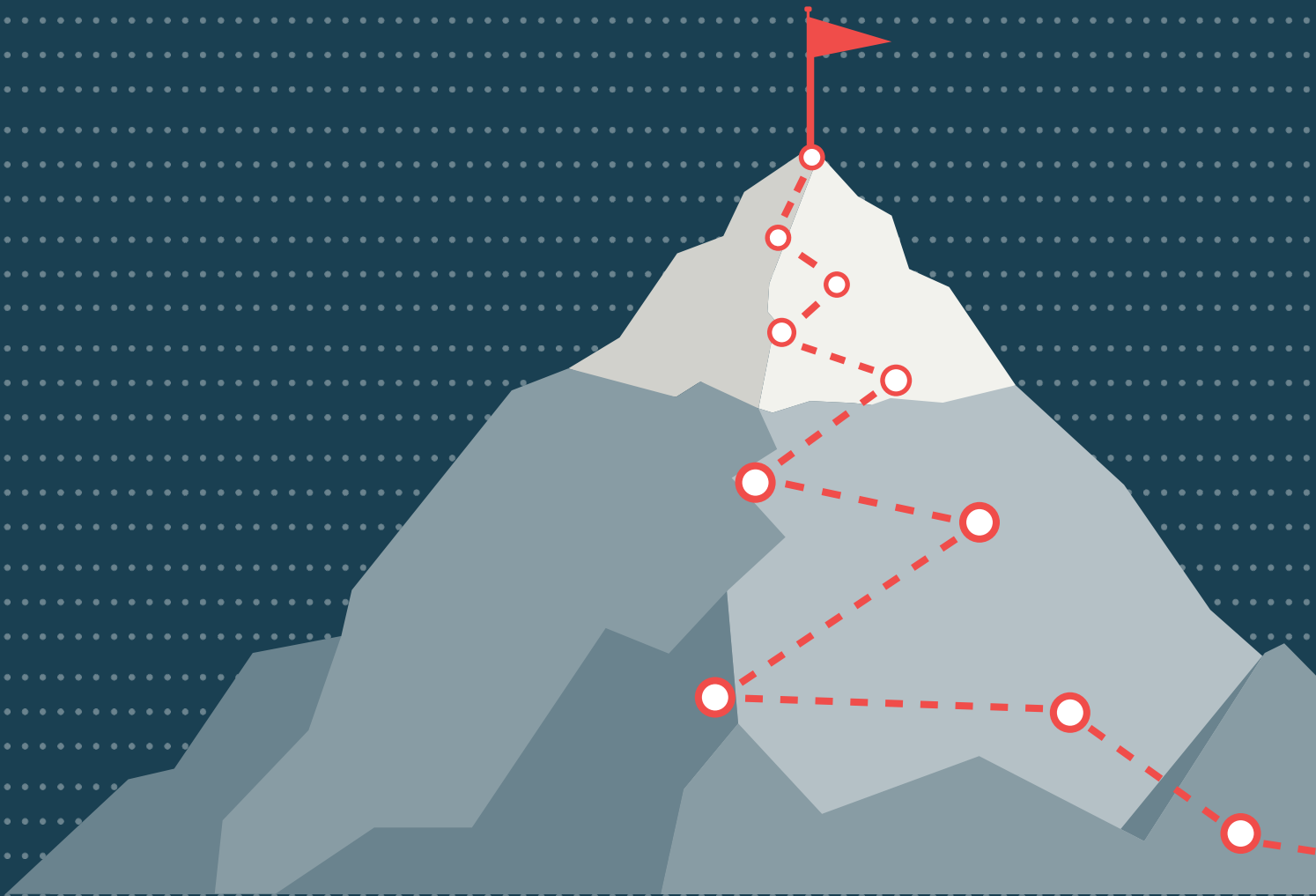


# SelfInformed

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## CARDINAL RULES FOR A SMOOTH, LEAN START-UP





# CARDINAL RULES FOR A SMOOTH, LEAN START-UP

By Vicki Wiederkehr

As a 15 year entrepreneur, I have naturally acclimated towards fellow creative business minds. Enjoying hearing ideas of our youth and supporting educational efforts from serving as an adjunct educator at our local junior college to volunteering with junior achievement, small business has been a passion of mine. From owning and failing a small grocery business in a small town to successfully franchising a service model that truly disrupts the liquidation market, I have felt the sting of making mistakes and finding success!

As an entrepreneurship author, speaking at national BPA (Business Professionals of America) and DECA (Distributive Education Clubs of America) conferences across the US, the excitement of the youth has continued to motivate me. Having a business fail drove me to write books. The first was a youth entrepreneurship book, "Cardinal Rules: Financial Resources for Young Adults". A few years later I wrote the second book for adult use. Like myself, many adults need a second chance. Speaking in prison ministry programs, conducting my own boot camp, or assisting adult workforce

development agencies were a nice fit for my work. I have been able to encourage a wise path for being both personally financially savvy and using creativity in selecting a business to start. Creativity can be taught, it can also definitely be encouraged.

## MENTORING

Whether you have a close family member who owns a small business or know of someone who could help you succeed, find a mentor. Join your local chamber of commerce and instant mentors can be found. Think about your church family, neighbors too and don't be afraid to ask professionals for help. In a sense, accountants and lawyers serve as mentors, yes for a fee as they are being paid to help guide you to success. Being a mentor to entrepreneurs who struggle allows me to give back each day. Find a mentor you can relate to who can give you the time you need to get on the right track with your new start up business. One day you will likely be a mentor in business yourself. True success comes to those who give!



## BASICS

Finding success is not luck, it's nothing but a beginning plan driven by hard work and focus. If you find yourself out of energy by noon in any environment, unless you work in heat or in extreme physically demanding job, being self-employed may not be the path for you. Also, if your health is a concern, medical insurance is expensive and very tough to get with any medical conditions. Even in the best of health, age is also a factor as the risk to insure anyone increases as we age. Without insurance, you are a financial liability to your small business. Finally, if you are not financially sophisticated be aware that being self-employed, unless you have a gold mine business idea, can be financially rough while you are building your empire. Starting out broke is tough, many people start businesses on very small budgets. Like myself, I used eBay for a side income prior to beginning a business. I believe in multiple income streams for both me personally, and my company, Cardinal Selling Services (CSS). Using tools, such as eBay was a launch pad for my company prior to us launching our own website, [shopcardinal.com](http://shopcardinal.com). Most eBayers (or people who use eBay for business) started with under \$500 in inventory. It was an easy business to launch because they had these main business tools for success:

- A computer
- Internet Access
- Ability to take photos

**Tools.** Online e-commerce websites such as Amazon or eBay can provide a tremendous side income for anyone. Keep in mind that selling assets around your home can produce some wonderful and needed seed money. If starting a business of such stumps you, try [youtube.com](http://youtube.com) or google for tips on how to get started. If you need further assistance to move forward, for a minimal fee you can hire professionals to assist you through a website called [upwork.com](http://upwork.com). Local online barter pages can also bring great returns for your more common assets,

with little to no fees and quick cash turn around. With a quick note about safety, always meet buyers in public places away from your home. Facebook is a must have for your new business page. Boosting ads under your page can give you solid returns fast. Choose the area you want to market to, even a 10 mile radius to get the message about your new business heard.

## SCOPE

Think about the business you want to begin in terms of 'customer reach'. Are you wanting to start a local muffin shop? Could the muffin shop be unique enough, dynamic and awesome enough to be a national brand? There are many ways to grow a business. From opening more corporate owned locations to franchising, you have options. Franchising is a wonderful system, and like we know from McDonalds, it isn't necessarily about the best burger. Consistency in the product is the reason people flock to this mega-giant food chain. Whether restaurant or service businesses, all started with one profitable location with a unique idea. In the service business arena, from commercial cleaning to accounting, many service models become national franchises that thrive.

## PLANNING

Starting a small business in this economy can be frightening. Risk adverse business minded professionals have start-up business ideas and often stumble in the planning process. It's imperative to compile a business plan, even if it is 3-5 pages in length. Be prepared to change the plan as time passes. If you are struggling with composing your first business plan, try 'googling' the business you want to start and the word 'business plan' to find a basic starting document to follow. Getting started is the hardest part. Open a word document, name the document and save it and you are on your way to having a plan started!



## START-UP COSTS

Part of the business plan involves clearly outlining your start-up costs. Some of the biggest capital expenses when starting a business is purchasing assets such as office furniture, vehicles, equipment and machinery. Computers and technology items I generally suggest to buy new, as those items tend to age the quickest and become outdated. Online sellers on eBay are scored based on their credibility, so don't be afraid to try refurbished or lightly used computers so long as they are sold by reputable sellers. Ebay insists sellers are accountable for generally 30 days after purchase.

Furniture, vehicles, equipment, machinery can all be purchased used at much more cost effective pricing. Rarely will you find a success story of any entrepreneur that started with spending money lavishly on items they really didn't need! Starting lean may be your only choice if your start-up budget is strict, and I say "count yourself lucky" as these disciplines will be great to follow even when the budget doesn't require it! I cannot emphasize enough, lean is smart and lean also allows for highest profitability the quickest!

## A CASE TO THE PREVIOUS POINT

Imagine starting a new restaurant with NEW commercial kitchen equipment and NEW dining furniture, for a 1200 square foot kitchen with seating for 60 at a price of \$79,500. What if you did some homework and found a similar set up which could be purchased used for \$16,500? Our company liquidates these types

of restaurants and these deals are out there in every city! Return on Investment or Return on Capital is the focus of every business person. Imagine being profitable your very first year because of these wise buying tactics! Often we liquidate entire Long Johns Silvers business assets, both kitchen and dining assets. Pickup an entire asset grouping for \$14k-\$20k!

## DISRUPTIVE INNOVATION

Our company liquidates assets in a way that brings a better return to the client, using technology driven advertising. We have a disruptive model, which will give direct competition to auction services. Harvard review for December 2014 wrote about Uber and how it was disruptive to the cab industry. Starting a business at grassroots, on a lean budget, can pay off fast. Once the concept is made national it can be an industry changer. ([REF Harvard Review, Dec 2015](#))

## OPPORTUNITY KNOCKS

My first office required 4 office desks, a conference table, chairs, a training area, and basic copy machines and computers. First, I searched online via craigslist, which is a FREE site whether you buy or sell. I sourced out 80% of what we needed and spent about \$2600. From these 2 lots I sold off \$800 in items we didn't need and focused on my final purchases, fast computers! My original budget for this office was \$6500. My net start up office costs for a beautiful mahogany set up was \$3,200! Being fearless in business can start with being aggressive with managing your dollars wisely!

## BRANDING

A clear part of your start-up costs should involve branding. Logo, color choices for your brand, advertising signage or wraps on your vehicles all create the basics of your initial brand. Branding is YOU as well as the image you portray in your community. Choose a sign company in your area that fits your budget. They will help you every step of the way with extending your brand with dynamic signage. Also, being aware that the places you frequent, the manner you carry about your day to day living is also a part of your brand. Be mindful of the image you portray, ultimately YOU are your businesses brand.

## ACCOUNTING/CPA

Many important tax savings for the small business owner can help your year-end tax reporting be less stressful. If you begin your business in your home, the mileage you drive for business, the portion of the home office space you use, a portion of utilities, cell phone expenses, gas, meals and travel expenses while conducting business are all tax deductions. Keep your records neatly organized, in a month to month file, in case of an audit you will be protected! I have used QuickBooks software for years, and suggest considering the basic software package in the beginning. It is very inexpensive and setting up the software is simple. There are many online tutorials free via youtube.com to help you get started. In the beginning talk to a local CPA for tax support and also for year-end tax assistance to be sure you are covering the legal requirements as a small business.

## TECHNOLOGY

If you know that design and technical expertise will be your weak spot, or setting up a basic website has you puzzled, don't be alarmed. There are many websites such as upwork.com which offers freelancer opportunities you can hire and work with virtually! These professionals are located all over the US and abroad and can help you with nearly any task you can think of from designing your logo, virtual assistants, data entry, creating professional brochures to starting an e-commerce store.

Mapping out a plan for small business success involves just a few critical areas:

- Setting Goals that are attainable.
- Assigning a Timeline for those goals.
- Ability to accept you will make mistakes.
- Foresight to change course when needed!

Don't be concerned the micro-business you are about to start may never become anything more than a hobby! All big businesses started small. If you are passionate about your business, there is a true need for your service or product and you can manage the business as it grows, it will grow.

The company I founded in 2006, is a Business-2-Business service company which gives companies a new sales channel and income stream. It is known for using innovative strategies and sophistication to bring buyers and sellers together. We strive in getting best return for our client in a timely manner. Enriching community's one sale at a time while educating the public about secondary market price, avoiding scams while selling big ticket items daily keeps us busy. CSS is a further extension of my passion for assisting entrepreneurs with buying as often the assets we sell for local clients help them start-up lean!

For more information about my entrepreneurial journey follow my blog at [vickiwiederkehr.com](http://vickiwiederkehr.com). Connect with [LinkedIn](#), or follow our company page on [Facebook](#)!







# Ask the Expert

**Q.** *I am getting ready to do my taxes for last year and not sure how to treat stuff I bought for my business like my laptop, printer, and office furniture. What line on my business tax return do I include these expenses?*

**A.** The costs associated with the new equipment and furniture will certainly provide a tax deduction to the extent the items are used in the ordinary course of business. However, unlike many other expenses these items are not direct expenses to be included on a particular line of your Schedule C, Profit or Loss from Business. The items you mentioned are considered capital assets which basically mean they will typically last your business more than just one year and therefore must be capitalized. The total cost of the business assets will still generate a full deduction over time but must be allocated over the expected useful life of each asset recognizing a portion of the expense for each year for which there is a benefit.

The yearly recognition of that expense is commonly called depreciation and will be included on IRS Form 4562, Depreciation and Amortization.

You can download a copy of the form along with instructions directly from the IRS website at [www.IRS.gov](http://www.IRS.gov). The IRS also has a free publication that you can download to help with the detail called IRS Publication 946, How to Depreciate Property.

Perhaps the best news is that for most small businesses there are a number of depreciation options that can speed up this process so that up to 100% of the cost of each item will still show up on the first tax return. The benefit here is that the total deduction can be accelerated reducing your taxes now rather than having to wait several years for the full benefit. The Section 179 deduction will allow for, in effect, 100% depreciation in the first year for most property and can be very beneficial. There are also bonus depreciation options that can also increase the amount that can be included in the year new property is acquired.



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The key point is that capital assets such as those that you mentioned, computers, printers, office furniture, etc. require a little more paperwork and a little more effort before the full tax benefit shows up on your tax return. Take a few minutes to read through the IRS forms and publications and make sure to take advantage of the accelerated options that are available in your specific situation.

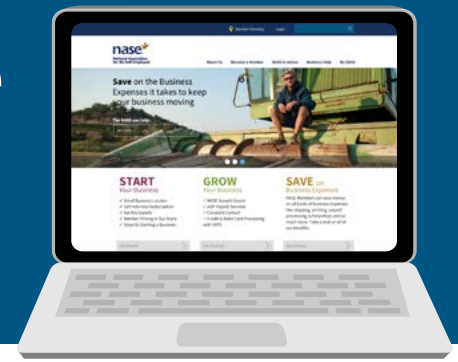


As always, don't forget that you are not alone. Bookmark our website at [NASE.org](http://NASE.org) as well as the IRS website at [IRS.gov](http://IRS.gov) you will always be able to find the help you need.

# nase Benefits At A Glance



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Visit [www.NASE.org](http://www.NASE.org) to learn more about the following benefits!

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Ask the Experts! Free 24/7 online advice; Tax, Finance, Marketing, Legal, Business Strategy, Real Estate, Tech Solutions and More! ✓

Hire Your Kid - Reduce your taxable income by \$6,000 ✓

Member Directory, get your business listed for free ✓

NASE Small Business Growth Grants - apply for grants up to \$4,000, awarded monthly ✓

NASE Dependent Scholarships – apply for scholarships up to \$3,000 quarterly ✓

Connect Lending – Fund your business venture with a small business loan ✓

Office Depot/Office Max – Up to 80% off preferred office products ✓

Life Lock – Discounted monthly plans, 10% off and 30 days Free ✓

UPS – save up to 32% on UPS overnight, international and ground delivery service ✓

TurboTax Online – save 15% ✓

Constant Contact – Save up to 30% on Email Marketing that works ✓

LegalZoom – Online legal document preparation ✓

BizFilings – up to \$60 off business formation services ✓

ADP Payroll Services – Up to 40% discount ✓

QuickBooks – save up to 20% on financial software ✓

Host Gator – Web Services – 30% discount ✓

Xtech – Computer Support as low as \$15 ✓

Tax Resource Center – tax assistance ✓

Pitney Bowes – discount on mailstation 2 ✓

PODS – save 10% on your initial delivery ✓

Credit & Debit Card Processing with First American Payment Services ✓

NCSPlus – low-cost collection on delinquent accounts ✓

Fast Collect Check Recovery ✓

NASE Startup Kit – top 10 tips for starting your business ✓

Full access to articles, in-depth guides and more in the NASE's Business Learning Center ✓

NASE Minute – Key video messages that educate small business owners ✓

Self Informed e-newsletter – Your monthly source for the latest news and updates ✓

NASE Printing Services – discounts on high quality printing ✓

crowdSPRING – discounted graphic design services ✓

NASE Interactive Calculators to help guide your business ✓

Legislative Action Center ✓

Washington Watch – Legislative email update ✓

Self-Employed – Out Front Weekly ✓

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## Health

\$10,000 MetLife Term Life Insurance – Included with membership ✓

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Rezilient Direct – Supplemental health insurance ✓

CVS Caremark Prescription Drug Card – 55% savings, Included ✓

Health Resource Center ✓

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## Home

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Budget Car Rentals – save 20% ✓

Hertz Rental Car – save 15% ✓

Enterprise Rent-A-Car – save 10% ✓

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# President Obama Delivers Last SOTU

On Tuesday, January 12, 2016, President Obama delivered his final State of the Union address to the country. What is usually a laundry list of “to do” items for the Congress, the President realizing that his final 12 months in office will be lame duck, elected to use his speech to discuss his progress as President over the past seven years and reassure the country that things are headed in the right direction.

One of the very few specific proposals that the President did share on Tuesday, was the goal of curing cancer with Vice President Joe Biden serving as “mission control” for this initiative. This comes on the heels of Vice President Biden’s loss of his son, Beau, in 2015.

While the President did spend significant time celebrating his achievements over the past seven years, lower unemployment, stronger economic growth, he also

expressed disappointment in the continued fracture of the American political system, including the perception that the political system is “fixed.”

With the 2016 presidential campaign officially upon us, the President rightly understand that Congress will have a light legislative agenda and that any attempts to shepherd legislative priorities through Congress will be virtually impossible, however, the President has committed to using the Executive Order and regulatory process to push through key initiatives, including minimum wage, climate change, and gun control.

**Read the full text of the President’s 7th and final State of the Union.**

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