

KEEPING IT REAL

A PRACTICAL GUIDE FOR SMALL BUSINESSES

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Forms to be included: tax forms of various entities, forms for recording expenses and income, listing of employment law requirements, record keeping guidelines, form for filing as a non-profit and associated requirements

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Keeping it Real (*KIR*), was born out of a desire to keep it simple, without losing the essential steps in starting and managing a successful business enterprise. In a world where we are subjected to information overload, it is in response to the many requests by small business owners and entrepreneurs for a book that is fun to read and highlights what needs to be known.

It was not surprising then that the idea of *KIR* emerged from a local Small Business Development Center workshop that I facilitated. In my efforts to provide participants an acronym that would allow them to appreciate the critical building blocks of the accounting system, the term **R.E.A.L.** was developed. The term stands for **R**evenue, **E**xpenses, **A**ssets and **L**iabilitys, the four critical elements of financial accounting. Owner's Equity and Net Income two popular financial functions are derived from the calculation of a combination of items from the identified four.

The excitement generated by that creation was electrifying! I can still remember the participants' face lighting up with discovery indicating their grasp of the accounting knowledge shared. Although many were familiar with the accounting elements before, it was also very clear at that moment that it was the first time that the essence of the elements and their applications to the respective businesses were being fully and deeply understood. Talk about an eureka moment! It was enough to want me to forget, even for a while, the previous technical discussions on financial statement formats and simply revel in the joy of their discovery.

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Suddenly concepts once complex to most, upon starting the workshop, now could be easily understood.

Following that momentous occasion many were eager to have me translate this event into a format that could be shared with others. Hopefully creating a similar enlightening experience. As I toyed with that idea, on my drive back from the workshop that night, the concept of a user friendly business guide, as compared to the voluminous compilations available, evolved. *Keeping it Real* was created borrowing from that classroom experience.

So I welcome you as we embark on this exciting journey together into the world of starting and eventually successfully running your business. As we start, I encourage you to pause for a moment and visualize the experience as being comparable to finally getting that opportunity to walk into the dealership to purchase your dream car. Or if its easier to envision, imagine it to finally getting ready to sign the papers that will make your dream home ownership a reality. Whatever works!

As you keep that vision in place we will discuss the groundwork you must first complete to get you to that place when you will be finally handed the keys, satisfied you got yourself an excellent deal. To that regard we will discuss (i) discovering your business aptitude-do you have what it takes, to (iii) getting your business idea off the ground. Then once you have been given your personal set of shiny keys to that prized car or house, how do you maintain that cherished asset to ensure that you secure maximum enjoyment out of ownership.

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From that perspective we will discuss labor and employee relations, government relationships and planning the successful expansion and continuity of your business.

Yet as technical as all this may sound it will be presented in a fun format. For as I was reminded a few ago at a training conference I attended, as adults *“If we are not having fun, we are not learning and isn’t learning what it is all about anyway.”* So with that thought in mind I eagerly look forward to be your fun business coach on this journey. My goal to inspire and motivate you, providing you a listing of resources that you will help make your business venture an enlightening, enjoyable and exhilarating experience. As we go forth, I encourage you to keep it real!

Esther E. Christian, CPA, MS.

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INTRODUCTION

Leon stepped out of his shiny, red 2005 Nissan Z sports car confidently. He stretched, filling out his towering, muscular frame and smiled widely. Because of his physique many mistook him for a basketball player. Extending his long arms over his head and locking his fingers together, he twisted gently from one side to the next. Silently he thought while he could be considered a *playa*, it was definitely not on the basketball court. He smiled crookedly, popped a breath freshener in his mouth and headed across the parking lot over to the nearby multi-storied building.

This was it! He told himself. Swinging open the double glass doors of the building strongly, he held his leather portfolio closely to his side, as if guarding a well kept secret.

No more of this employee bull shit! He raged silently.

After fifteen years of submitting to *Mr.Man*, he was ready to break out on his own and become his own boss, and start his own company. But first he wanted to check his plans out, make sure everything was in order or at least he was following the business process, as he should.

This was the reason he was here bright and early, this crisp Spring morning. Today, he was heading to the local community college to attend a seminar on guidelines for starting one's business. And Leon knew, despite his business savvy, thanks to his many years as a salesperson, he needed all the information he could secure on that process.

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If there was anything he learned in his professional life was the significance of proper planning. The quote “if you failed to plan, you plan to fail” echoed through his mind in harmony with the clicking of his leather soles on the marble floors as he approached the elevators. And he was not about to subject himself to failure so easily.

While Leon was filled with anticipation, Sherry was overwhelmed with anxiety. She could not eat. Her mind was consumed with worry. After launching a catering business 3 years ago that had experienced dramatic revenue success, she now had the IRS were snapping at her heels. Confronting mounting paperwork, penalties and fees, she often felt in jeopardy of losing her business and often her mind.

Plus, as quickly as she made money, expenses seem to gobble it up. *God knew* she muttered silently as she drove into parking lot that *she was hardly able to pay her bills.*

She did not get it, she railed. The humongous corporations got away paying squat and she a mere peon player in the business world and she was being hung out to dry by the IRS. Totally unfair!

She stumbled into the office building, minutes after Leon, dragging a bag of paperwork along with her.

Jeffrey’s focus was different. Like many talented individuals he had not pursued starting a business systematically. It seemed he just fell into it. All his life he enjoyed working with cars. So he thought nothing of working on his friends cars often for free.

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But then his tax-preparer had encouraged him to pursue it as a business. She shared that it would provide him an excellent tax savings opportunity. An idea that was music to ears as a single taxpayer seeking to reduce the amount of taxes he paid.

So he had jumped at the idea. He also figured with his regular job as a mail-boy in constant jeopardy, owning his own business expanded his income generating options. But he had no idea how to begin. So when he learned about the business seminar he thought it would be perfect in providing him the knowledge he needed to get started.

“Looks like we’ve got a small group today,” the facilitator commented as she walked in and surveyed her participants, Jeffrey, Leon, Sherry and about seven other individuals.

Damn, this woman is fine, Leon admired. But this was not what this was about he reminded himself, suppressing his feelings.

“I guess you guys got lucky, ‘cause because of your size, you are assured one on one service with a smile.” She welcomed.

“I can handle that,” Leon acknowledged aloud. He made sure he made eye contact with her and deliberately ignored any reaction from the other participants.

The facilitator did not respond to his remark, instead she continued unfazed, with her introduction.

“Welcome to Business Ownership 101, where we will discuss what it takes to go into business. My name is Elizabeth Christie, a certified public accountant with over a decade of accounting experience, including serving as a auditor with a Big 5 Auditing firm, a bank auditor and most recently a CFO with a publicly traded company. Currently I serve as a business advisor and accountant working exclusively with start-up and small business owners as yourselves.”

“Business advisor...” Sherry commented. “I like the sound of that. We may need to talk off-line girlfriend, ‘cause business wise I think I need all the advice I can get.”

“Thanks,” Elizabeth accepted graciously. “Actually, your remark allows us a perfect segue into learning more about you all. So why don’t we go around the room and have each of you introduce yourselves to the rest of the class, telling us what you do and what you hope to get out of today’s session.”

“I’ll start,” Sherry volunteered. “My name is Sherry Walters and I am small business owner. I own a catering business...”

“Now we all know who we can turn to for our catering needs...” Elizabeth chimed in and the others smiled in agreement.

“Thanks,” Sherry accepted. “Actually in retrospect,” she continued. “I perhaps should have taken this class before, because I would have learned how to better manage my business, especially the demands of the IRS. So I want to learn as much as I can about that.”

“And you will,” Elizabeth assured.

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“I am Leon Foster,” Leon’s deep bass voice followed. “The next Bill Gates.” He announced proudly. “Here, to simply put on my training wheels.”

“And we all feel honored I’m sure to have heard it here first,” Elizabeth played along. “Do you mind sharing with us what product are you going to build your fortunes on Mr. Gates to be?”

“For now it’s top-secret,” he strummed his portfolio. “I’m still working on the prototype. But once it’s out y’all be sure to know about it, ‘cause it will surely rock y’all.”

“Yeah right,” Jeffrey smirked. “Anyways folks, my name is Jeffrey Thomas and what I’m seeking to get out of this class is guidance on how I can successfully own and operate a state of the art car detailing service.”

The other individuals followed Jeffrey, bringing an end to the introduction process, turning the program back to Elizabeth.

“Thanks so much all for sharing and I wish you much luck on your business ventures. Now to my role in guiding you on how you get started. In our session today we will cover the following areas:

- ***Real with Self***
- ***Real with Business Planning***
- ***Financing Your Business***
- ***Launching Your Business***
- ***Render onto Uncle Sam***
- ***Taking care of You and Your Business***

So let’s get started since we’ve got a full session ahead of us.”

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