

The background features abstract, overlapping green geometric shapes, primarily triangles and polygons, in various shades of green, creating a modern and dynamic feel. The shapes are layered, with some appearing more prominent than others, and they extend towards the corners of the frame.

Turning your “feasible  
Idea” into a business

# Feasible ideas

- ▶ Is your business doable
- ▶ You should perform a benefits study: research to determine if you should proceed
- ▶ What to research:
  - ▶ Market
  - ▶ Technical
  - ▶ Financial
  - ▶ Organizational
  - ▶ competition

# Elements of a well-conducted study

- ▶ Project scope (define business)
- ▶ Current analysis
- ▶ Requirement (financial, human resources, material, equipment)
- ▶ Approach (course of action)
- ▶ Evaluation (cost effectiveness)
- ▶ review

# Start up cost categories

- ▶ 1. cost of sales
- ▶ 2. professional fees
- ▶ 3. technology costs
- ▶ 4. sales & marketing
- ▶ 5. administration
- ▶ 6. wages and benefits

## Video #3

- ▶ How did Rockefeller start his business?
- ▶ What is infrastructure?

# Cost of sales

- ▶ Product inventory
- ▶ Raw materials
- ▶ Equipment (manufacturing)
- ▶ Shipping
- ▶ Packaging
- ▶ Insurance
- ▶ warehousing

# Professional fees

- ▶ Legal aspects

**copyrights**, patents, partnership agreements

# Technology costs

- ▶ Hardware
- ▶ Software
- ▶ Phones
- ▶ Internet
- ▶ IT support



# Sales & marketing

- ▶ Stationery
- ▶ Advertising
- ▶ Mailings
- ▶ Trade shows

# administration

- ▶ Office supplies
- ▶ Rent
- ▶ Business insurance
- ▶ Desks, chairs
- ▶ copiers

# Wages and benefits

- ▶ Employee salaries
- ▶ Payroll taxes
- ▶ Benefits
- ▶ Workers compensation

## Video #4

- ▶ What type of category cost would floods and strikes fall in for businesses?

# Expense - control to enhance financial well-being

- ▶ Operating expenses: category of expenditure that business incurs as a result of performing normal business operations
- ▶ Examples: production (raw materials, utilities, man hours), inventory (storage), salaries & benefits, advertising & marketing

# Operating expenses effects on profit

- ▶ Operational costs: expenses related to running your business
- ▶ Profit margin: percentage of profit made from each sale
- ▶ Operational expenses: direct effect on business' profit margin

# How to reduce operating costs?

- ▶ Emphasis on high employee performance (so fewer errors)
- ▶ Reduce waste (no excess)
- ▶ Lower utility costs
- ▶ Marketing budget
- ▶ Reduce travel expenses
- ▶ Purchase used equipment instead of new

# How would operating expenses affect selling price?

- ▶ If expenses high, then price customer's pay may be high
- ▶ If expenses minimum, then businesses can lower price and their sales will increase



# Costs definitions

- ▶ Budgets are important
- ▶ Fixed costs: cost that don't affect changes in sales volume; examples: lease, insurance, salaries
- ▶ Variable costs: cost that change according to sales volume; examples: material, labor, utilities
- ▶ Semi-variable costs: costs that vary to some extent in response to sales; labor is fixed at 40 hours, then variable as overtime paid

# Profit or loss

- ▶ Gross Profit: money left after the cost of goods expense is subtracted from total income
- ▶ Break-even point: amount of sales or revenues that company must generate in order to equal its expenses; the company does not make profit or loss

# 5 men who built America businesses

- ▶ Discuss questions from rest of videos