BUSINESS STARTUP
BLUEPRINT

FINANCING THE BUSINESS

TRANSCRIPT

upflip

All right. In this lesson, we're going to cover the burning question: how much money is it going to take to get this business to be successful? We'll discuss three main points:

1. Startup costs
2. Ongoing costs
3. Accessing different types of working capital

I have a few special tips and tricks for you on that.

Let's start with startup costs. First, sit down and write out a lightweight budget. Remember, this budget will be a living, breathing document that changes over time. It's impossible to anticipate every single expense, so don't overthink it too much.

Think about one-time expenses such as getting your business license, hiring an attorney to set up your business entity and structure, permits, and equipment purchases. If you're starting a service business, consider whether you need a vehicle, trailer, or other equipment.

If you already own some of these, you can save on initial costs. Consider the cost of a facility, if needed, including first and last month's rent, opening inventory, and utilities. Determine how much it will cost to get started and set aside a budget for these startup expenses.

Next, figure out your ongoing expenses. Consider costs like rent, salaries, utilities, and ongoing supplies and materials. Plan for unexpected expenses such as repairs or emergencies.

Allocate funds for marketing. Build a lightweight budget to ensure you have enough cash for a few months of ongoing expenses.

Now, let's talk about where to get funding. There are many sources of cash:

- **Personal Savings:** How much money do you have set aside for this venture?

- **Partners or Investors:** Consider bringing on a partner, investor, family member, or friend to help with expenses.

- **Retirement Accounts:** Use a Rollover as Business Startup (ROBS) to pull cash from your retirement account.

- **Bank Loans:** Look into SBA loans or other bank financing. You'll need a business plan and may need to personally guarantee the loan.

- **National Business Capital:** UpFlip's preferred financing partner can help you raise cash.

- **Angel Investors or Venture Capitalists:** These individuals or organizations invest in startups, understanding the higher risk and potential for higher reward.

- **Pre-Selling Products or Services:** Before opening, reach out to your network and offer a deep discount to early customers. Platforms like Kickstarter can also help you crowdfund.

If you have no rich friends or family, don't be discouraged. When I started my first businesses, I focused on getting initial cash flow without large upfront purchases. Consider renting equipment instead of buying it outright.

For example, if starting a service business, rent a pressure washer or lawnmower from Home Depot. Start with smaller expenses and build positive cash flow.

Don't be afraid to knock on doors and cold call businesses and customers. Reaching out to a cold or warm market is essential when starting a business.

We'll dive deeper into getting upfront sales through marketing efforts in future modules to ensure cash flow during the first few months.

Stick around, and we'll see you in the next lesson.

Summary of Key Points:

- **Startup Costs:**
  - Write a lightweight budget for one-time expenses
  - Consider costs for licenses, permits, equipment, and facilities

- **Ongoing Costs:**
  - Plan for rent, salaries, utilities, supplies, and marketing
  - Include a buffer for unexpected expenses

- **Funding Sources:**
  - Personal savings, partners, or investors
  - Retirement accounts via ROBS
  - Bank loans and SBA loans
  - National Business Capital for financing
  - Angel investors and venture capitalists
  - Pre-sell products or services to generate initial cash flow

- **Cost-Saving Tips:**
  - Rent equipment instead of buying
  - Focus on initial cash flow through small expenses
  - Knock on doors and cold call to build a customer base