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Chartered Accountants

# **Steps to Start a Business From Scratch**



## Steps to Start a Business From Scratch

Starting a Business is culmination of the following Steps:-

- 1 Having an Idea
- 2 Preparation of a Business Plan
- 3 Preparation of Business Model
- 4 Prepare a Project Report
- 5 Fine tuning Business Model and Project Report to the actuals and determine the viability
- 6 Arrange for finance if the project is viable
- 7 Project Implementation time Period
- 8 Analyse the Risk
- 9 Take the Risk and Start the Project

All the Best !



## **Detailed Steps**

### **1 Having an Idea**

Describe the Idea in detail, and why you think it will successful!

### **2 Preparation of a Business Plan**

#### **A Gathering of Relevant Information**

Preparation of Business Plan Requires detailed information regarding different aspects of Business. Various aspects can be Grouped under the following heads:-

##### **A.1 Manufacturing and Distribution Cycle**

##### **A.2 Purchase and Payable Cycle**

##### **A.3 Sales and Receivable Cycle**

##### **A.4 Other Details**

##### **A.1 Manufacturing and Distribution Cycle**

A.1.1 Describe the Product to be manufactured.

A.1.2 Describe raw material required.

A.1.3 Describe the Process of manufacture upto Dispatch

A.1.4 Describe how the product will reach the final customer.

##### **A.2 Purchase and Payable Cycle**



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Describe in various heads , such , quality, production capacity, power requirement , space requirement

A.2.1	Machinery	other technical details.
A.2.2	Raw Material	Describe under various heads such as Find Price, Qty, availability, quality, credit period.
A.2.3	Direct Labour	Describe, No's, Skilled, unskilled, rate quantification.
A.2.4	Consumables	Describe consumables, Qty, quality.
A.2.5	Vendors	Who are the vendors, credit period?

### A.3 Sales and Receivable Cycle

Answer and solve the following questions:-

- A.3.1 Who is the customer?
- A.3.2 What is USP of the product?
- A.3.3 What is the segment?
- A.3.4 What is mode of payment?
- A.3.5 What is the credit period offered by you?
- A.3.6 Is there a scope of Bad Debts?
- A.3.7 Who is the competition?
- A.3.8 What is the Market?
- A.3.9 What would the customer buy the Final Product?
- A.3.10 Sale Strategy?
- A.3.11 Market Survey?

### A.4 Other Details

Find out the following details:-

- A.4.1 Taxation
- A.4.2 Power Requirement



- A.4.3 Water Requirement
- A.4.4 Legal Requirement
- A.4.5 Lice senses
- A.4.6 Pollution
- A.4.7 Contingencies
- A.4.8 SWOT Analysis

## **B Preparation of Business Plan**

Business Plan is a Document which describes the entire business processes utilizing the information gathered above is a structure manner. It should be comprehensive and cover all the aspects in a crisp manner

## **3 Preparation of Business Model**

Business Model Shows the economics of the business while incorporating the Business Plan. It reflects the broad policies around which the business is going to be run. It should encompass all the areas of the business such as operations, sales, Marketing, production Etc. To simplify it represents the assumptions required to prepare the project report so as to determine the various costs and estimates. E.g. Production time, Credit Period, Replacement Policy.

## **4 Prepare a Project Report**

Project Report quantifies the business plan showing the numbers which are likely to be generated. Projections should be prepared considering the assumptions gathered Above. The amount of capital required to be determined.

## **5 Fine tuning Project Report to the actuals and determine the viability**

The details of the project are to be worked out properly to determine any Inconsistencies. The viability of the project is to be arrived at.



**6 Arrange for finance if the project is viable**

If the project is viable, arrange the finance.

If finance is not available , try to make the project viable with the available finance

**Repeat Step -2 to 4 till the time the project is viable and the finance is available**

**7 Project Implementation time Period**

The timeline of the project is to be identified and time line for deployment of funds to be finalised

**8 Analyse the Risk**

This is a personal factor. Analyse the risk and reward ratio with regards individual capacity and inner strength

**9 Take the Risk and Start the Project**

No explanation is needed.

Only Action and Determination to succeed is needed to start the project.



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# Thank You