

Bizz Kidz

*An online guide for youngsters wishing to start their own
business*



by

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BIZZ KIDZ

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BIZZ KIDZS

So you want to own the latest PC Game or the latest fashionable pair of designer jeans or that shiny new bicycle with the drop handlebars but all of this seems out of reach? Not so. Even if you are too young to get a job you can create work and make money by starting your own business.

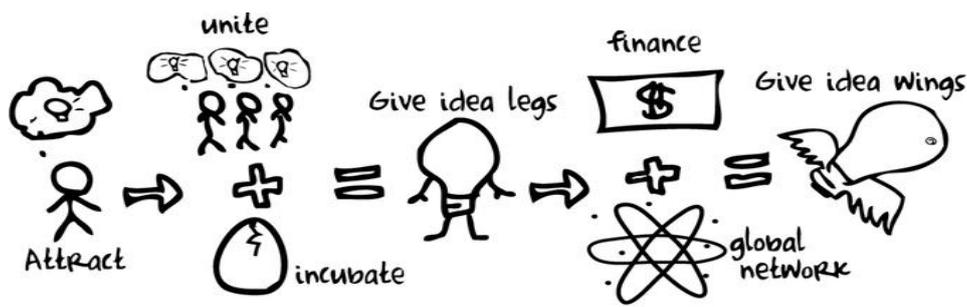


Every year thousands of people start their own businesses - business is not only for adults, but for children as well!

People who start their own businesses are known as **entrepreneurs**.

Before you start your own business there are certain questions that you need to be ask, like:

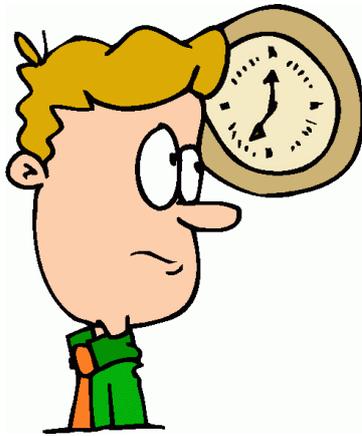
- Is there a need for my business?
- Does a similar business already exist, and how can I make mine different?
- Is it a brand-new business that does not already exist?



1. HOW TO START A BUSINESS

The first thing you have to do when you decide to start your own business is to draw up a **business plan**. This gives you clear direction about your business and what you want to achieve.

Are you starting a business just to buy one particular item, *or* is it only to have a business during the school holidays *or* is it to be an on-going business?



One of the things that will help you to decide this is "how much time can I spend on my business?"

But remember - at the end of the day besides making money you also want to enjoy what you are doing.



Now it is decision time - what type of business do you want to start?

A good way is to draw two columns like we have done below.

In the first column you write down the things that you like to do or feel you are good at.

In the second column, write a type of business that relates to what you like.

THINGS I LIKE TO DO AND AM GOOD AT	RELATED BUSINESSES
Playing guitar	Form a band and play at birthday parties and special occasions
Baking	Sell cupcakes to friends at school
Cutting the grass	Garden services
Work with beads	Make jewellery

Now that you have listed your likes and what you are good at, we need to discuss the three categories that businesses are divided into:

- Manufacturing businesses
- Service businesses
- Retailing businesses

When we speak about a **manufacturing business** we mean a business



where we **make** a product to sell it. E.g. bead jewellery, muffins or wire products.

Normally a manufacturing business needs **capital** to start the business. Capital is the money that we use to buy the wire, beads and tools to make the bead jewellery so that we can sell it.

On the other hand, **service businesses** do not normally need a capital layout to start the that provides a service service could be to mow shopping for people,



business. This is a business to the customer. E.g. your lawns, wash cars, and do take dogs for a walk.

Retailing is where you are buying a product that has already been manufactured, and you then **sell** it to the general public. Examples of products are socks, gloves, chips, soccer balls, cool drinks.



2. THE BUSINESS MARKET

By now you have identified what you like and what the likely business opportunities are and you know the differences between **service** and **manufacturing** businesses.

You now need to explore whether or not there is a need for what *your* business has to offer.

- Do you live in a complex or apartment with lots of people around you?
- Is there another service like yours being offered in your area?
- Is there a need for the type of service you are offering?
- Will you need transport for your business and, if so, are you on a taxi or bus route?



By asking and answering these questions, it means you are **analysing** the business market for your area. If you think of the people who live in your area - would they have a need for your product or another type of product?

Keeping your market (the people in your area) in mind is the first step to brainstorming business ideas.

Follow these steps for brainstorming:

- Think about items or services that might be needed in your neighbourhood.
- Think of a business that already exists in the area. Could you perform the same service, or provide a similar product, or a better product, or provide the product at a lower price?
- Ask your family, neighbours and friends what business they think is needed.



BUSINESS NEEDED IN MY NEIGHBOURHOOD	WOULD I LIKE TO DO IT?
<i>Cutting grass</i>	Yes
<i>Selling jewellery</i>	No
<i>Selling candy</i>	Yes
<i>Taking dogs for a walk</i>	Yes

Make a list of their suggestions, and then ask yourself if these are activities you enjoy and would be good at doing.

3. ARE YOU ABLE TO RUN THE BUSINESS ON YOUR OWN OR DO YOU NEED A PARTNER?



Most small businesses can be managed and run by you on your own. It could happen, however, that you need help from a friend (or friends) to run your business more efficiently. Sometimes you might even need an adult to help.

There is an advantage in having help as it may mean that you give better service. Remember, if you get someone to help you it could either be a partner in the business or an employee. If you choose a partner, you would have to divide your earnings. An employee must be paid to help you.

4. WHAT'S IN A NAME?

A name is very important for a business. It identifies your business, attracts customers and tells people you know what you do.



A lot of businesses use the owner's name:
E.g. **Siphiwe's Dog Walking Service** or **Charlotte's Beads**.

The important thing about a name is to make sure that the name you use for your business is not being used by any other business.



The name for your business must be unique:

- In South Africa, companies' names are registered with the Companies and Intellectual Properties Commission (CIPC)
- Legally a company can stop you from using its name.

Ask an adult to check out the name for you. You can also register the name that you have chosen.

5. PROFIT

You have already worked out why you want to start your own business.

As discussed earlier you will either be running a **service business** or a **manufacturing business** or a **retailing business**.

Generally the reason you are starting your own business is to make money. Remember, it usually takes a bit of money to make more money.



a. Start-up costs

The money you need to start a business is known as the **start-up costs**.

Your costs will depend on the type of business you are starting.

Once you have identified your business - let's say it's "**Charlotte's Beads**" - you need to list all the equipment you need.



The items on your list could be various beads, wire, clasps and different types of pliers.

So, list your expenses:

Items		Cost
	Beads	R100.00
	String	R 20.00
	Clasps	R 15.00
TOTAL:		R135.00

Now that you have worked out your start-up costs you need to come up with different ideas and ways of obtaining the money.

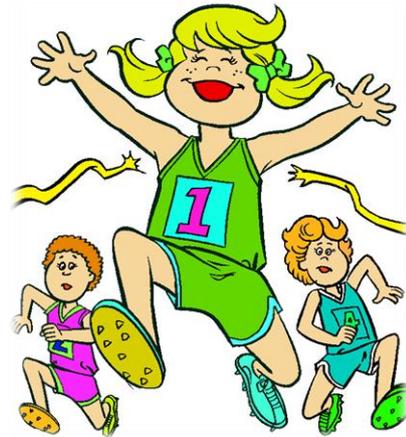
- One way can be from savings; another could be to borrow the money from a family member. Remember that if you take a loan, you need to pay it back.
- You could also sell some clothes you don't wear anymore or some toys or games you don't use.
- Some adults hire children to do work for them because they don't have to pay the same amount they would pay an adult to do the same work.



b. Pricing

As it is a new business you are starting, it is important to first find out what your competitors are charging in a business that is similar to yours.

You need to make sure that you charge enough to make money, but at the same time you need to keep your costs a little lower so that you attract new customers.



c. $\text{Income} - \text{Expenses} = \text{Profit}$

Income, **expenses** and **profit** are three very important words in business.

- **Income:** money you take in (make) from a business
- **Expenses:** money it costs to run the business (what you spend for supplies and equipment)
- **Profit:** what is left after you subtract your expenses from the income

d. Managing your Expenses - Using a Journal

You need to buy a financial "Journal" which is available at all stationery shops at a nominal cost.

Every time you sell goods or get paid for your services you need to enter this amount under **income** in your Journal.



Whenever you buy something that you need for your business, you will receive a receipt. It is important to keep these receipts, as they are the **expenses** for

the business. You will enter your expenses under an "expenses" column in your Journal.

Your journal might look like this:

CHARLOTTE'S BEADS			
Month: August			
	Income	Expenses	Profit
Week 1	R25.00	R10.00	R15.00
	R25.00	R10.00	R15.00
	R75.00	R35.00	R45.00
Week 2	R25.00	R10.00	R15.00
	R35.00 	R20.00	R15.00
	R75.00	R35.00	R45.00
Week 3	R35.00	R20.00	R15.00
Week 4	R25.00	R10.00	R15.00
	R25.00	R10.00	R15.00
	R75.00	R35.00	R45.00
	R25.00	R10.00	R15.00
	R75.00	R35.00	R45.00

It is important to keep a Journal. In this way you can work out the profit your business is making.



If you are **not** making money in your business you need to look at:

- what you are charging for your service or goods, or
- how you can reduce your expenses.

6. ADVERTISING

For potential clients or customers to know that you are in business, you



will need to advertise. You need to look at cost-effective ways to spread word about your business.

a. Flyers

Flyers (pamphlets) are one of the most commonly used ways of advertising a business.

If you have access to a computer and printer, you can create and print flyers. Otherwise, you can phone around to get the best price for your flyer. If you take your flyer to a printing company, you only need to take one copy and they will make more copies for you.

Flyers can either be handed out to people or be placed on bulletin boards at your local supermarkets, library or local schools. You could also do drop-offs to individual homes.

Remember to distribute your flyers in an area where you can offer a service.

Flyers need to be eye-catching and they should include:



- your business name
- your name and contact number
- your service or product
- how much you charge for your products or service

b. Business Cards



Today there are many good (cheap) deals for having **business cards**

printed. Business cards make you look professional. You could start off with flyers and once you are established, you can have business cards printed for distribution.

c. Advertising in Newspapers

Many suburbs have a local newspaper that is distributed weekly. At the back of the newspaper is a classified section.



- Most people, who require a service, turn to the classified section.
- It is cheaper to advertise there than in the main section of the paper.

You need to put in enough information for a client to want to phone you, but as you pay either per line or per word for the advert, you must be careful not to put in any unnecessary wording.

d. Classified Flyers

Classified flyers are flyers that only contain adverts. The flyers are dropped off free-of-charge at homes, supermarkets or restaurants and coffee shops. Their rates are usually targeted at particular areas.



e. Free Publicity

After being in business for a few months, you could ask a parent or relative to contact your local community newspaper or a magazine that relates to your business. Perhaps these publications would write an article about you and your business.

7. TAXES

Taxes are monies that all businesses and workers' pay to the government every year. If you earn or make more than a certain amount per year, you will be taxed on it and must fill in forms supplied by the Receiver of Revenue.



An adult will be able to help you to find out the amount and to fill out the forms.

8. SAVINGS ACCOUNTS

It is important that you keep **some** of the money that you make from your business in a cash box, or a storage box. Keep enough money aside to cover new expenses in your business.



The **excess** amount of money should be kept in a bank account, where your money is not only safe, but can also earn interest.

You can either open your account under your own name or under your business's name.

Every bank has its own rules about bank account. When you open your adult will need to be with you and the will give you advice.



opening a account, an bank staff

9. CHALLENGES IN BUSINESS

There will always be challenges for entrepreneurs in business. Some of the situations could be:



- Your business is not making enough money
- You do not have enough customers
- The business has grown too big and you do not know how to deal with it
- You have made the money you set out to make, and you don't want to run the business anymore.

a. Your business is not making enough money/ You do not have enough customers

When you start your business it does not mean that you will automatically make money immediately. If you are not making money, you may need to re-look at your business in order to make it more successful.



not mean that immediately. need to re-look more

Maybe you need to look at the following:

- Is your price market-related?
- Are you charging too little for your service?
- Are your prices too high?
- Are your materials and supplies costing too much? Can you buy cheaper from a wholesaler or in bulk?
- Check out your competition again.
- Are there other people in your area offering the same service?
- Can you offer a better service?
- Can you expand your service to another area?
- Do people need your service or product?
- Are you doing aggressive advertising?

b. It has grown too big and you do not know how to deal with it

So, you have started your own business and now it has grown too large for you to manage it. You might be struggling to find time for schoolwork, extra-mural activities, homework and chores at home.



One way to deal with this could be to bring in your friends or family to help you.

If you have made the money that you first set out to make, you could also close down your

business, or sell it to a friend or relative or to someone who is running a business similar to yours.

10. GENERAL

Becoming an entrepreneur not only means that you could earn extra money, but is also challenging and helps you to develop skills that you possibly never knew you had.

As an entrepreneur you need to:

- believe in yourself
- be positive
- be able to take action
- take initiative
- be creative
- be innovative



Doing **research** about your product or service is a very important rule for running a successful business.



But the most important rule is for you to have **fun!!**

Although having studied as a journalist Cheryl Ann Delpont worked at the SABC in television production for many years. Having left the SABC Cheryl started up her own Television Training Company and works hands on with the youth. She has always felt passionately about youth empowering themselves through entrepreneurship and hence this book. She lives in Johannesburg, South Africa with her life partner, nine cats and a dog. You may contact her at cheryld@felinotech.co.za