

**FINANCIAL LITERACY -
HOW TO START A BUSINESS**

A restaurant, a little shop, a childcare, a beauty shop... You would like to set up a business when you come back to the Philippines, but you are not sure what to choose and where to start.

1. **Are you fit for it?** A business is only one of the various ways to earn money. Before you make up your mind, check if you are a budding entrepreneur. Are you passionate about something? Are you ready to work seven days a week for your passion? Do you like taking risks? Are you motivated by challenges? Can you organise your time efficiently? Do you like taking decisions and accept their consequences? Are you obstinate and do you overcome difficulties and failures? If you have answered “yes” to five or more of these questions, great! You already have many qualities needed for this great project! If not, find out what others options you would have back home to earn money in a less risky way.
2. **Find the business idea:** take a white piece of paper; in one corner, note down your “personal assets”: all that you are good at doing, your skills whether it is singing, or taking care of children, or Mandarin. In another corner, note down all that you like doing (you might be a very good cook but not enjoying doing it as a full time job); in the third corner, write down what you don’t like doing; and finally how ready you are to take financial risks. Discuss with other friends who want to set up businesses too and identify a couple of business ideas which could work in your home town.
3. **Research:** test your idea on your friends! How do they react? Are they interested? Ask your family to help you find out if similar businesses exist where you plan to go back. If they do, how are they organised? What are their prices? What do your potential customers look for? What makes your future product or service so special and unique?
4. **Make a plan:** once you have an idea (or two), write down all the resources you need to make it come true: do you need an office? A shop? Furniture? Resources also include skills that you can acquire through adequate training. What would be the steps to make your project come true? Go backward: decide on a date you are planning to open your business and write down all that needs to be done before this date. Don’t forget to check what the legal requirements are (business registration, tax, special licenses for restaurants, taxis, etc...).
5. **Profit or loss?** Thanks to your research and plan, you should be able to calculate how much profit your business should generate: list all your recurring costs to run your future business (your list of resources should help you) and how much you plan to sell (number of products multiplied by the price you would sell them) for one month, then one year. It is an estimate, but this is very important to make sure you don’t head for a financial disaster! This first profit calculation gives you guidelines. Don’t forget any costs!
6. **Find the money:** calculate how much money you need to get started: the costs of setting up your business and the cash you will need to operate at first. In most businesses, you need to buy raw material or products before selling them. This cash out is called “working capital”. Add up the money for you to pay for daily living while you set up your business and don’t earn anything. Find out

Financial Literacy

Because money is more than adding up figures

how you can finance this whole sum: either financially or by getting help (if your family provides home and food for a while for example). How much do you need to save? Are there micro-credit institutions which could help you? Saving is very important as you should not start with too much debt (especially if your business fails) and you should keep some emergency saving too. See how much you need to save every month; is that reasonable? Fine-tune your plan and financial projections until you find an amount you are comfortable with.

7. **Get ready!** Follow your plan, improve your business idea and sharpen your skills while you are still in Hong Kong with a fixed salary!

If you have questions, send me an email: Sophie@aandbmake3.com , call 2151.2302 or read www.aandbmake3.com. **Enrich**, our not-for-profit partner in Hong Kong, gives courses on money matters (T: 2817.8928)