

Client-Ready Guide

What a Starting Business Needs to Succeed
A Practical Roadmap for New Entrepreneurs

Prepared for

Duquesne University Small Business Development Center

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This guide was developed to support early-stage entrepreneurs in building strong business foundations. It provides practical guidance on legal structure, financial organization, operational planning, compliance awareness, and funding readiness.

The resource is designed to assist SBDC advisors and Graduate Assistants during advising sessions and to help entrepreneurs move from an initial business idea to a structured and sustainable operation.

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Introduction

Building a Strong Foundation for Your Business

Purpose of This Guide

This guide provides a practical roadmap to help new entrepreneurs establish the legal, financial, and operational foundations needed to successfully launch and grow a business.

Starting a business is an exciting step toward independence, innovation, and economic opportunity. Many entrepreneurs begin with a strong idea, passion for a product or service, and a desire to create meaningful impact. However, turning an idea into a successful business requires more than motivation; it requires structure, planning, and a clear understanding of the key steps that support long-term success.

One of the most common challenges for new entrepreneurs is knowing where to begin. Questions related to legal registration, financial systems, customer strategy, and business planning often arise early in the process. Without proper guidance, important requirements may be overlooked, leading to challenges that can impact long-term stability.

This guide outlines the essential components of a strong startup foundation, including business clarity, legal setup, financial organization, operational planning, compliance awareness, and funding readiness. Addressing these areas early helps entrepreneurs build businesses that are organized, compliant, and positioned for sustainable growth.

The **Duquesne University Small Business Development Center (SBDC)** supports entrepreneurs throughout this process by providing advising, education, and access to valuable business resources. In practice, SBDC advisors work with clients across Pennsylvania to help translate business ideas into structured and operational ventures. This guide serves as a reference for entrepreneurs working with the SBDC, as well as Graduate Assistants supporting advising sessions.

By focusing on these essential elements, entrepreneurs can move forward with greater clarity, reduce risk, and take meaningful steps toward building and growing a successful business.

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This guide walks entrepreneurs through the essential steps needed to build a strong and sustainable business foundation. By working through these sections, you will gain clarity on how to structure, organize, and prepare your business for long-term success.

What This Guide Will Help You Do

- ✓ Clearly define your business idea and the problem it solves
- ✓ Identify your target customers and revenue model
- ✓ Establish your business legally and complete required registrations
- ✓ Set up strong financial systems and understand startup costs
- ✓ Prepare essential startup documents for planning and funding
- ✓ Develop operational workflows and strategies to attract customers
- ✓ Understand compliance requirements and potential risks
- ✓ Explore appropriate funding options and financial readiness

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1. Business Clarity: Building a Clear Foundation

Before registering a business or seeking funding, entrepreneurs must first clearly define their business concept. Many startups struggle because they move too quickly into operations without fully understanding the problem they solve, who their customers are, or how the business will generate revenue.

A clear business concept helps entrepreneurs make better decisions, communicate their value to customers, and build a foundation for long-term growth. In practice, SBDC advisors often work with clients to strengthen this clarity before moving into legal setup or financial planning.

Define the Problem

Successful businesses solve a specific problem or meet a clear need in the marketplace. Entrepreneurs should be able to clearly explain the challenge their customers face and how their product or service provides a solution.

A helpful starting point is the statement:

“My business helps **[target customer]** solve **[specific problem]** by providing **[product or service]**.”

Identify Target Customers

Entrepreneurs should define the group of customers most likely to benefit from their product or service. Understanding the target market allows business owners to tailor their offerings, marketing strategies, and pricing.

Questions to consider include:

- Who is most likely to purchase this product or service?
- Where are these customers located (local, regional, or statewide)?
- How do they currently solve the problem?

Define the Revenue Model

A business must clearly understand how it will generate income. Revenue may come from product sales, services, subscriptions, consulting, or other models depending on the business type.

Early financial thinking helps entrepreneurs determine pricing and estimate how much revenue will be needed to cover expenses.

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Set Short-Term Goals

New businesses should establish simple, actionable goals that guide early progress, such as launching an initial product, securing the first group of customers, or establishing a consistent sales process.

Clear goals help entrepreneurs stay focused and measure progress over time.

A clear business always comes before a fundable business.

2. Legal Setup: Structuring Your Business Properly

Once an entrepreneur has clarified their business idea, the next step is establishing the proper legal structure. Setting up a business legally helps protect the owner, ensures compliance with state and federal requirements, and creates a foundation for financial and operational growth.

One of the first decisions entrepreneurs must make is choosing the appropriate **business structure**. Common options include sole proprietorships, limited liability companies (LLCs), and corporations. Many small businesses in Pennsylvania choose an LLC because it offers liability protection while remaining relatively simple to manage. The right structure depends on factors such as risk level, tax considerations, and long-term business goals.

After selecting a structure, entrepreneurs must **register their business** with the Pennsylvania Department of State. This process includes registering the business name and filing the appropriate formation documents, such as Articles of Organization for an LLC.

Most businesses will also need to obtain an **Employer Identification Number (EIN)** from the Internal Revenue Service. An EIN functions as the business's federal tax identification number and is required to open business bank accounts, file taxes, and hire employees.

Depending on the type of business and location, owners may also need to secure **licenses or permits** before beginning operations. In Pennsylvania, this may include local business licenses, zoning approvals, or industry-specific permits. Entrepreneurs should check with their local municipality and county offices to ensure compliance with all requirements.

Finally, businesses organized as LLCs or partnerships should prepare an **operating agreement or partnership agreement**. This document outlines ownership structure, roles and responsibilities, and procedures for managing the business.

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Completing these steps early helps entrepreneurs operate with confidence and reduces the risk of compliance issues as the business grows.

- ✓ Choose a **business structure** (LLC, sole proprietor, corporation)
- ✓ Register your business with the Pennsylvania Department of State
- ✓ Obtain an **EIN** from the IRS
- ✓ Identify required **state and local licenses/permits**
- ✓ Prepare an **operating or partnership agreement**

Entrepreneurs may also utilize resources such as the Pennsylvania Business One-Stop Shop for guidance on registration and licensing requirements.

3. Financial Setup: Establishing Strong Financial Systems

Establishing a clear financial structure is a critical step in launching a successful business. Many startups face challenges not because the idea is weak, but because financial systems were not properly established early on. Strong financial organization allows business owners to track performance, manage expenses, and make informed decisions as the business grows.

One of the first steps is opening a dedicated business bank account. Separating business and personal finances improves accuracy, simplifies tax reporting, and helps maintain the legal integrity of the business structure.

Entrepreneurs should also implement a basic bookkeeping system to track income and expenses. This may include accounting software, spreadsheets, or professional bookkeeping support depending on the size of the business. Consistent tracking provides a clear understanding of financial performance and cash flow.

Another important step is developing a startup budget that outlines the initial costs required to launch the business. These costs may include equipment, inventory, marketing, licensing, and professional services. Understanding startup costs helps determine how much capital is needed to begin operations.

In addition to startup expenses, business owners should estimate monthly operating costs, such as rent, insurance, software, and marketing. This helps establish appropriate pricing and ensures the business can generate enough revenue to sustain operations.

Strong financial systems create a foundation for stability, support better decision-making, and position the business for future growth and funding opportunities.

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Business Startup Financials

Once your business plan outlines your business products and/or services and your target customer, it's time to document the business's financials. This section outlines the basic financial tools and processes to consider before beginning operations. By establishing these systems from day one, a business can operate with greater clarity and position itself for strong long-term growth.

Separating Personal and Business Finances

Once you have decided to take your idea to the next step and structure it into a formal business, it's important to differentiate your personal and business finances. In the beginning, when the business is small, it may feel easy to use one checking account, essentially mixing funds for both personal and business transactions; however, as the business grows, having clearly defined financials will simplify tax preparation, cash flow management, and revenue tracking. In addition, having business-specific financials helps build credibility with lenders, investors, and creditors.

Opening a Business Bank Account

To effectively separate your personal and business finances, you will want to open one or more business-specific bank accounts. While the requirements to open a business bank account differ depending on the bank, industry, and business structure, typical documentation can include the business's address and name, an ID such as a driver's license, and either a Social Security number for sole proprietorships or an Employer Identification Number (EIN).

Typical business accounts include:

- **Business Checking Account** - Acts as the primary account to track revenues and expenses. This account acts as your primary operational account where most funds are stored.
- **Payroll Account** - All paychecks and employment taxes are typically paid using this account. It helps at year-end to have these funds tracked separately.
- **Merchant Service Account** - An intermediate account that enables you to accept debit and credit card payments from customers. These accounts come with a fee, typically a percentage of the transaction made. It is important to factor this into budgeting.
- **Business Savings Account** - A secure place to store funds for emergencies, investments, or certain liabilities such as business, employee, or sales taxes.

The accounts your business will need and how you use them will depend on your industry and business structure, but clearly planning the system before beginning operations maximizes your chances of success.

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Setting Up Basic Bookkeeping

Bookkeeping is the process of recording, organizing, and maintaining a business's financial transactions to ensure accurate financial management. It includes tracking all revenue and expenses, as well as any financing or investing activities such as taking out a loan or purchasing new equipment. By maintaining accurate bookkeeping from day one, you can track profitability, manage cash flow, and maintain the business's overall financial well-being. This will not only enable you to make informed daily decisions but will be critical if you intend to obtain loans or seek any outside investment. Proper bookkeeping also includes creating a general ledger and maintaining accurate documentation of all transactions, including registering receipts, invoices, or contracts. At the beginning of operations, you may find it easiest to utilize an online service such as QuickBooks to maintain your books, but it is always ideal to have a licensed CPA review your financials to ensure accurate long-term bookkeeping.

Understanding Monthly Expenses and Pricing

While creating your business plan, you will need to consider your pricing strategy. This is the strategy you will use to determine how much you charge for your products or services. Your pricing strategy will need to be tailored to your business and industry. For instance, if you are offering a seasonal product such as a Christmas tree, you should plan to charge your customers a higher price in December than in March due to increased demand. Many factors will play into this decision, such as competitor pricing, location, and proximity to competitors, foot traffic, demand for the product, and changes in material or operating costs.

Pricing your product or services correctly can be one of the more challenging aspects of the start-up process. In the simplest form, you will need to identify the monthly expenses, as well as the expected number of sales you will make per month and set the prices that allow you to cover expenses and turn a profit. For instance, if you expect your expenses for the first month of operations to be \$1,000 and that you will manage to make three sales in that same period, you will need to sell your product for at least \$330 to break even or closer to \$400 to make a profit.

Ultimately, pricing is not a one-time decision. As your business operates and more data becomes available, it is important to continuously evaluate your pricing against actual costs, customer demand, and market conditions. Regularly revisiting your pricing strategy will help ensure long-term profitability and keep your business competitive.

Preparing a Startup Budget

One of the most common reasons a startup fails is simply running out of cash for operations. To avoid this before beginning operations, it is important to create a budget that outlines the business's initial capital requirements, monthly operating expenses, and revenue expectations. Properly preparing and adhering to a budget allows you to maximize long-term success and growth. This budget, along with your business plan, will serve as the foundation for any investor pitches, loan applications, or strategic decision-making.

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Generally, your budget will include:

1. One-time costs associated with the start-up, such as purchasing required equipment or property, paying fees for required licenses, fees associated with filing your business with the government, or legal fees associated with the formation of the company.
2. Projected revenues, which will be a forecast of how much revenue you expect to earn within the first few years of operations. These should be conservative estimates based on existing knowledge of the business and industry standards.
3. Continuing operational expenses such as utilities, rent, general liability insurance, cost of materials or inventory, and other expenses associated with the business that will continue so long as the business remains operational.

Once the start-up process is complete, it's important to continue monitoring and updating your budget. You can think of it as a living document that will change as your business changes. To ensure strong financials, the budgeted amounts should be periodically compared with your actual results to confirm the budget aligns with your real experiences, enabling you to make informed adjustments to spending, pricing, and your growth plan. Your general ledger and accounting software will assist you in the review process.

Financial Setup Quick Checklist

- ✓ Open a dedicated business bank account
- ✓ Separate personal and business finances
- ✓ Set up a basic bookkeeping system
- ✓ Create a startup cost estimate
- ✓ Identify ongoing monthly business expenses

4. Core Startup Documents

Core startup documents are the foundation that transforms a business idea into a structured and fundable operation. They provide clarity, support financial planning, and allow entrepreneurs to effectively communicate their business to lenders, investors, and partners.

These include:

- Lean Business Plan
- Startup Cost Breakdown
- 12-Month Cash Flow Projection
- Personal Financial Statement
- Partnership and Contract Agreements

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Lean Business Plan

A lean business plan is a concise, practical document that outlines how the business will operate and create value. Rather than focusing on length, it prioritizes clarity and decision-making.

At a minimum, it should define the problem being solved, identify the target customer, explain the product or service, describe how the business will generate revenue, and highlight what differentiates it from competitors.

This document should be viewed as a working tool rather than a one-time exercise, and it should evolve as the business develops.

Startup Cost Breakdown

A startup cost breakdown provides a complete view of the financial resources required to launch the business. It ensures that entrepreneurs understand their funding needs and reduces the risk of undercapitalization.

These costs typically include equipment, inventory, licenses, marketing, technology, and initial operating expenses such as rent and utilities.

Entrepreneurs should approach this process conservatively and account for uncertainty by including a contingency buffer.

12-Month Cash Flow Projection

A 12-month cash flow projection outlines how money is expected to move through the business over its first year. It is one of the most critical financial tools for early-stage planning.

By estimating monthly revenue, expenses, and cash balances, entrepreneurs can identify potential gaps, anticipate shortfalls, and make informed operational decisions.

Realistic assumptions are essential. Overestimating revenue or underestimating expenses can quickly lead to avoidable financial strain.

Personal Financial Statement

For early-stage businesses, the financial position of the owner is often as important as the business itself. A personal financial statement provides a clear picture of assets, liabilities, income, and overall net worth.

Lenders frequently rely on this document to assess risk and determine creditworthiness, particularly when the business does not yet have an established financial history.

Maintaining accurate and up-to-date records is essential for credibility and access to funding.

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Partnership and Contract Agreements

Clear and formal agreements are critical when a business involves multiple stakeholders. These documents establish expectations, define responsibilities, and provide a framework for decision-making.

Whether between partners, vendors, or clients, well-structured agreements reduce ambiguity and help prevent disputes. They also serve as a form of protection as the business grows, and relationships become more complex.

Why These Documents Matter

Individually, each of these documents serves a specific purpose. Together, they create a structured framework that supports planning, reduces uncertainty, and strengthens decision-making.

More importantly, they signal to lenders, investors, and partners that the business is organized, financially prepared, and positioned for sustainable growth.

5. Operations & Customers: Delivering Value

Product Vs Service

Products are items or goods that one can be typically physically seen or touched while services are intangible skills that one offers to customers. For example, tangible products are shown on display at stores or websites that customers can look at and buy accordingly to their liking. However, there is also the option of intangible products that one can buy through digital platforms like certain gaming features on Xbox, PS5, web gaming, etc. There is inventory tracking on the physically businesses to see what they have in stock which is easy to demonstrate to customers to showcase it in hopes it will be bought. For services, usually the question that is answered is how to meet customers' needs and build trust with them to retain and maintain a long-lasting relationship. Services are offered to customers to help solve problems or improve efficiency in their daily lives.

Operational Workflow

An operational workflow is a step-by-step process that occurs in a specific sequence to complete all business processes. It is made to make sure that business processes can be separated into multiple workflows to make it a simplified plan. The steps to make an effective operational workflow are easy to follow.

- 1) Process Map - identify what a processes need are and make sure to prioritize them.
- 2) Gather Information – have knowledge of what exact process you are improving and highlight the weaknesses. Provide research and document all associated information to streamline the process.
- 3) Outline Steps – identify what steps need to be taken along with an anticipated timeline of completion for reference. More attention to detail, the better instructions to follow.

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- 4) Flowchart – create a centralized platform for all team members to access and upload information about the workflow.
- 5) Feedback – present the workflow to stakeholders to get feedback on what areas need improvements, etc. Once you have the feedback make changes accordingly.

Supplier Vs Vendor

A supplier is generally a person from a company that provides raw materials, goods, or services to a consumer or business. Suppliers naturally are the primary link of supply chain to keep all their customers' operations running with their products.

Supplier Types:

Manufacturers - work in large quantities to produce and supply goods from scratch while typically offering direct delivery services.

Wholesalers – resells finished products in bulk quantities from manufacturers to retailers and/or small vendors

Distributors - “Supply Chain Link” that manage schedules for deliveries and warehousing operations

Importers – bring international products into the market to provide access to them at an affordable price.

Agents/Brokers - connect vendors and suppliers together and helps with negotiating deals.

A vendor is a business that sells finished products or direct services to consumers or businesses. Vendors typically are there to help improve the procurement process or supply chain management.

Vendor Types:

Retail – sell finished goods directly to individual customers. Ex: Walmart, IKEA

Service – sell services like enhanced business solutions to improve operational workflow directly to customers. Ex: IT Services, Consulting Firms

Wholesale – handles the distribution of bulk finished products between suppliers and the market. Ex: Costco, Sysco

Online – sells online finished products directly to the customer. Ex: Amazon, Etsy

Drop-Ship – an “invisible partner” who holds a manufacturer/wholesaler's products and ships them directly to customers. Ex: AliExpress, Wholesale2B

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Develop Customer Acquisition

Customer acquisition is very important to grow your business because you want to bring in new clients to grow your revenue. The main goal is to have a curated strategy to bring in to the new target audience. However, each customer has different needs, so you can make sure that you are able to highlight how you will be able to attract them to your brand. Now building the strategy for each individual can get tricky but as long as you follow the basics, you will have a higher percentage of success. You need to always be aware of how you are presenting yourself and your brand. It can either be through social media posts, fliers, advertisements, etc., but you want to grab the customer's attention. Next, you want to provide all the information about the products or services that you offer and make sure they are engaged. Then you want to highlight how you can solve their needs and provide evidence of it. A good example would be to have customer testimonies to build their trust in you. Finally, you want to engage with the customer and put your skills to the test to get the customer hooked onto your brand.

Tracking Sales and Expenses

Expenses:

Whenever there is a purchase that is being made of a business's behalf, it is classified as an expense since it is a required purchase to keep business operations running. Make sure to track all purchases with the associated receipts to match the accounting bookkeeping process. The best way to track for bookkeeping reasonings is to categorize the purchases to see where the most and least amount of money is being spent while also sticking to a budget. A good tip is to track them in real-time with either an app or website (QuickBooks, or FreshBooks) or set up automatic email banking notifications. Always double check your banking statements monthly or weekly with your expense records to check for discrepancies.

Sales:

Sales tracking is a very important process in conducting your business so you can better understand the strengths and weaknesses of your products/services. It provides a clear image of what the business's overall performance is and what certain trends there are. One of the main steps is to set up a goal for what you want to achieve. Then set up a sales tracking system (CRM) to collect and report the data into the workflow. The data is easily stored and can be analyzed to see how the operations are doing and what processes to improve on.

6. Compliance and Risk Awareness

Tax Obligations: In general, this section can be broken down to understanding tax responsibilities, identifying insurance needs, reviewing industry regulations, and maintaining proper recordkeeping. As discussed, in-depth in section 2, the legal setup for the new business plays a major role in the business's tax responsibilities.

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should be sufficiently prepared for the cash outflow of their yearly tax obligations before April. Some business structures like sole-proprietorships, partnerships, and limited liability companies (partnerships) only get their income taxed once at the owner's salary level, but this is not so for corporations and generally dissuades new.

businesses from going corporate. New entrepreneurs can check with the **City of Pittsburgh Department of Finance** for **Small Business Resource** specifics ([Small Business Resources - Pittsburgh, PA](#)). A safe estimate for new businesses would be to pool 20-30% of their revenues to ensure they have enough cash come tax season. Likewise, it is advisable to reach out to a tax expert (a CPA or tax advisor) early on to create a plan, as well as consider implementing a beginner-friendly tax software like TurboTax Business, H&R Block Business, or QuickBooks Online.

Insurance Needs: New entrepreneurs also need to identify their specific insurance needs to most safely run their businesses. The purpose of business insurance is to protect itself from financial losses, some of which can be significantly large, due to unexpected events or outcomes. Some very common types of business insurance include general liability insurance, professional liability insurance, worker's compensation insurance, product liability insurance, etc. Each industry's insurance needs may look vastly different, depending on what constitutes business operations, the inherent business risks involved, and the company's specific business model. Therefore, the best practice is to proactively identify the necessary coverage that a particular business and its employees might need before an issue occurs. A new dentist's office will certainly face different business risks than a new Mexican restaurant. A Mexican restaurant will face very different business risks than a factory that relies on employees operating heavy machinery. Businesses should also reconsider insurance needs often as the business grows to remain proactively positioned. Consider this **Contactors' Choice Agency Pittsburgh** guide as a resource for small business insurance needs ([Pittsburgh Business Insurance: Requirements & Coverage Guide | CCA Insurance Blog](#)).

Industry Regulations: Moreover, new entrepreneurs need to review and understand their specific industry regulations to ensure proper compliance. Failure to comply with industry rules that dictate how, when, and where a business can operate will often result in penalties ranging from incurring reputational damage, up to facing heavy fines and forced shutdowns. Just like insurance needs, the individual business needs to research and identify the industry-specific and location-specific regulations that they will be required to uphold. For example, does the startup need to worry about customer data privacy, financial reporting and disclosure statements, health, safety, and environmental standards, or local and state laws needing followed? Are there any required licenses or certifications required for the business to operate legally? Consider looking specifically at **Pennsylvania Business One-Stop Shop** for industry requirements and regulations ([PA Business One-Stop Shop - Common State Permits and Licenses](#)). Business owners need not only to understand industry regulations as the business is starting up, but they also need to stay up to date on all ongoing developments and changes that alter the regulatory environment under which they operate.

Proper Documentation: Finally, businesses should strive to maintain excellent recordkeeping to facilitate success for the three above topics. Financial statements and receipts, invoices, contracts and agreements, payroll and employee records, and other documents all can play important roles in protecting your business while also holding others to the same standards that you follow. Nothing needs to be elaborate, but organization will prove integral. Consider using

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Google Suite or



Microsoft Office

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software, as offerings like Google Drive and Excel can provide businesses with the initial means of getting and staying organized. There are hundreds of other options available, and new entrepreneurs are encouraged to research what meets their specific preferences.

7. Funding Awareness

The three core funding types for most small businesses are loans, grants, and revenue.

Loans: These are funds borrowed from banks, credit unions, online lenders, or government-backed programs. Loans are typically repaid on a fixed schedule and include interest and fees. Approval of loans is often based on risk and ability to repay. These are best used when the business has a steady revenue stream, when cash flow is predictable, and the owner has strong personal or business credit.

Grants: These are funds awarded by governments, nonprofits, or foundations that do not need to be repaid. The application process for these grants can be competitive. Grants can often be restricted, which means the funds must be used for specific purposes. Typically, they are focused on certain populations, industries, or community goals. They are best used when the business aligns with the mission of the grant. The entrepreneur can meet the reporting and compliance requirements.

Revenue: These are funds earned by the business from selling products or services. Having strong revenue can help build financial history and give confidence to investors. Revenue is the healthiest and most sustainable funding source. Revenue is also the strongest sign that a business is ready for outside capital such as loans and grants.

What Determines Loan Readiness?

Many entrepreneurs assume that a loan is the first step. However, there are many things that lenders look for in a business that a startup may not have yet. The first is a constant revenue history. Next is a positive cash flow. Financial statements and tax returns. If the business has not started operations, then the lender will look for financial statement projections. Another thing is strong personal credit. Early-stage businesses should focus on generating revenue, attracting customers, financial record-keeping, and credit readiness.

Importance of Personal Credit

When determining whether to loan to a small business, lenders evaluate the owners as well as the business. Having a strong credit can help lower interest rates. Some good practices for business owners are to pay all personal bills on time, to keep credit utilization low, avoid unnecessary debt, and to monitor credit reports regularly. For many businesses that are just starting out, the owner's personal credit can help be a good foundation until the business builds its own financial history.

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Match the Source of Funding to the Business Stage

Different funding sources are designed for different levels of business readiness. Understanding where a business is in its lifecycle can help identify the most appropriate financing options.

Stage 1 Idea/Exploration: At this stage, the entrepreneur has a business concept and is still researching, validating the idea, and developing a plan. Funding most often comes from personal savings, supplemented, where applicable, by free or low-cost startup resources, grants, or technical assistance programs.

Stage 2 Pre-Launch/Startup: At this stage, the business is registered or nearing launch, and the entrepreneur is refining products or services, pricing, and market entry strategy. Funding may come from personal contributions, friends and family, crowdfunding, microloans, and in some cases SBA-guaranteed startup financing, often based heavily on the strength of the business plan and cash flow projections.

Stage 3 Early Operations: At this stage, the business may have consistent customers, revenue, and basic bookkeeping systems in place. Funding may come from operating revenue and reinvested profits, while businesses may also begin qualifying for working capital financing, SBA-guaranteed loans, and potentially some conventional lending, depending on performance and industry.

Stage 4 Growth/Expansion: This stage typically includes businesses with reliable cash flow, repeat customers, and established financial records. Funding options expand and may include commercial loans, SBA-guaranteed loans, lines of credit, reinvested earnings, and outside investment, depending on the business's needs and growth strategy. Existing businesses at this stage may have access to both traditional commercial financing and SBA-backed financing, depending on the type and strength of the business.

Using Startup Capital Responsibly

A good rule of thumb when thinking about startup capital is that every dollar should either generate revenue, reduce risk, or increase long term capacity. Startup capital should be used with discipline and intention. Some of the effective ways to use capital are to track expenses from day one and make sure that these expenses are used on revenue generating activities. It is important to not over-spend on branding or equipment too early. New entrepreneurs should focus on separating business finances from the personal finances of the business owner. Building a strong financial foundation early can increase long-term stability, give access to better funding, and help sustain growth.

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8. Role of the SBDC & Graduate Assistant

The Duquesne University Small Business Development Center (SBDC) plays a vital role in supporting entrepreneurs throughout the startup process. Through advising, education, and access to business resources, the SBDC helps individuals move from an initial idea to a structured and operational business.

SBDC consultants work closely with entrepreneurs to provide guidance in key areas such as business planning, legal setup, financial organization, and funding readiness. This support helps business owners better understand the steps required to build a strong and sustainable foundation.

Graduate Assistants (GAs) also contribute to this process by supporting research, assisting with client preparation, and helping develop tools and resources that enhance advising sessions. GAs play an important role in organizing information, simplifying complex topics, and ensuring that clients have access to clear and practical guidance.

Together, the SBDC and Graduate Assistants provide a collaborative support system that helps entrepreneurs make informed decisions, reduce risk, and move forward with confidence as they build and grow their businesses.

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