GUIDEBOOK TO STARTING YOUR OWN ENGRAVING & CUTTING BUSINESS
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WANT TO START AN ENGRAVING BUSINESS?

Many people who have the opportunity to see an Epilog Laser system in action are eager to start a business utilizing the equipment. Due to the extensive variety of products that can be laser engraved or laser cut, a laser engraving business has virtually limitless income potential.

From more traditional items, such as awards, plaques or photo frames, to more high-tech gadgets, like MP3 players, mobile phones and laptop covers, customization of products is a service consumers are quite willing to pay for and adds value to any product you offer.

But is a laser engraving system right for you? Are you prepared for the many decisions that must be examined before you purchase a laser engraving system?

This guide will give you a head start in answering many of the fundamental questions you must ask yourself before entering this exciting business venture. The purpose of this guide is not to provide you a business plan, but rather it is designed to get you started on the path to establishing your own laser engraving operation.

Are we completely unbiased? Of course not - we want you to buy an Epilog! But what we will promise is that we’re providing you with a great look at what is involved in making your decision. If you decide an Epilog Laser system is right for you, great! If not, we want you to be as informed as possible as you make your decision.

You’ll also learn the following:
• Is this a franchise opportunity?
• Is a laser right for me?
• What do I need to get started?
• Earning potential using a laser
• Marketing a laser company

Explore this guide and decide for yourself if a laser engraving system is right for you. While it won’t answer every question you have, hopefully it’ll give you a better understanding of what to expect when starting an engraving business. Make a list of your questions and your distributor will be able to help you address any additional concerns.

IS THIS A FRANCHISE OPPORTUNITY?

No. Epilog Laser does not operate as a franchise. When you work with Epilog, you will simply be purchasing the laser system that you can incorporate into any business you would like.

Why is this better than a franchise?

• Low start-up costs
  If you don’t have the liquid capital for the high fees that go along with purchasing a franchise, a laser is a relatively low-cost way to start a business venture. Whether you purchase the laser system or lease-to-own, the cost is much smaller than franchise fees.

• No royalties
  Individual franchises often pay royalties, advertising fees and other payments to their corporate headquarters. With an Epilog Laser system, you pay just the price of the equipment and that’s all. We believe your earnings are just that - yours.

• Flexible timeline
  Many people in the laser engraving business only engrave part-time; you don’t have to be a full-time engraver. Therefore, if you want to start up your own engraving business you don’t have to leave your current job. Once your business is up and running, you can build it into a full-time job.

• Creative freedom
  Advertise where you want. Work the hours that you want. Set policies and prices that work for your business. Engrave what you want to create. A laser engraving business allows you the freedom (both creative and otherwise) that you just won’t find in a franchise system.
IS A LASER BUSINESS RIGHT FOR YOU?

We have found the people who flourish most in this business are those who are creative, sales-oriented and outside-the-box thinkers. Take a good look at your personality and see if you fit the mold. (If you’re not naturally a creative person, don’t worry, the laser tends to develop your creative side!)

- **Creativity rules.** Sure, there are a million things you could engrave, but laser engraving business owners must always be on the lookout for the next big thing – bringing the tally to a million and one.

- **Selling your service.** Potential customers may not realize why engraving services are a much sought-after commodity, which means you must be passionate about the service you provide. And it doesn’t stop there – to sell the service you must make others passionate about the results you can produce.

- **Get outside the box.** When it comes to engraving, there’s much to be said for thinking outside the box. If you find yourself seeing new items and envisioning their engraving possibilities, this business opportunity could be a great one for you.

A few questions you should ask yourself:

1. Are you someone that can see a product and know that you can make it better?
2. Are you comfortable finding ways to market your new business?
3. Do you have a list of contacts who will start to put out word that you provide laser engraving services?
4. Are you a creative person? Or do you have a designer who can help you create new products?

WHAT DO I NEED TO GET STARTED?

Engraving is a very cost effective venture for people looking to start a business. For around $10,000, you can enter the laser engraving market.

To start your small business, you will need:

- **A laser system:** Laser systems range from $8,000 to around $65,000 based on engraving area and the wattage of the laser system. Later we’ll discuss lease-to-own options and what wattage is right for your needs.

- **A computer:** Any Windows XP, Vista, 7, 8, or 10 operating system is recommended. All of the versions of 2000, XP, and Vista (Home, Professional, etc.) are compatible with an Epilog Laser system.

- **Graphic software:** Epilog’s systems are designed to run on most Windows-based graphic software programs, such as CorelDRAW, Adobe and AutoCAD. The system comes with a print driver that will “print” your images from any of these programs.

- **Laser system features/options:** Depending on what laser system you choose, there are several accessories that are either included as standard features or accessories you may purchase. While many of these come as standard equipment with an Epilog Laser, you will want to make sure you have them on any system you purchase.
  
  - **Air assist:** Allows you to attach an air compressor to the unit that blows a constant stream of air at the point of burn. Helps reduce any flare-up from combustible materials.
  
  - **Auto focus:** Automatically focuses the laser to the correct engraving height.
  
  - **Vector cutting grid:** This is an essential feature if you are cutting through materials.
  
  - **Rotary attachment:** If you want to etch glasses, mugs, wine bottles and other cylindrical objects, you will need a rotary attachment.
CUSTOM ENGRAVING IS EASY

Epilog’s systems work like a printer, so they are very easy to use. Set your page size to the size of the piece with which you are working, import your image and place it on the page where you want it to engrave, add text or any other changes you would like to make, and print it to the laser. That’s really all there is to it. To get you started, our manual provides suggested laser settings for a wide variety of materials.

For example, let’s say a customer brings you a photograph he or she wants engraved on a plaque. There are four basic steps to follow to complete the project.

1. Scan in the photograph at the same resolution at which you will engrave (usually 300 dpi).
2. Import the scanned photo into CorelDRAW or your preferred choice of graphic software.
3. Convert the photo to grayscale. If you’re engraving on anodized aluminum or other black material, invert the image.
4. Configure the laser’s speed and power, using the suggested settings in the owner’s manual, then send the print job to the laser system for engraving.
5. Complete the project by selecting your print job from the laser menu and pushing the “Go” button to begin the engraving process.

Depending on the brand and platform of laser you’re purchasing, training is often included in the package. If it is not, you may choose to purchase training sessions, which vary in length and cost (usually you can purchase four to eight one hour sessions for a few hundred dollars.) These training sessions can prove to be extremely valuable to a new laser user. We recommend discussing training options with your distributor at the time of purchase.

EARNING POTENTIAL USING A LASER

The earning potential with a laser engraving system is significant, regardless of whether or not you specialize in the types of products you offer. There are three basic engraving categories; however, you can offer an array of products within each subset.

Gifts and Awards: A growing industry with high profit potential because you are providing both the product and the engraving service.

General Signage: an expansive market with many opportunities – from store front signs, informational signs, plaques and beyond.

Industrial Engraving: this category offers less in terms of creativity; however, income potential is high due to large volume engraving of labels, control panels, corporate signs, etc.

Your income for each product you sell is directly proportional to the difference between what you spend on engraveable materials and how much you charge for your services.

Calculating pricing
Before you determine your pricing structure, we recommend learning the prices of other engraving businesses in the area. It’s a good way to gauge the amount customers are willing to pay for engraving services, and will also help you determine a competitive price for your services.

Many successful engraving businesses use the following formula to calculate pricing:

- **Minimum charge** – covers the time of job set-up.
- **Artwork charge** – covers time required for creating any logos or artwork.
- **Materials cost** – covers the cost of all related materials.
- **Number of items** – this will help calculate the time required to engrave each piece of the job.
Pricing example:

**Wedding Favors – 100 Engraved Wedding Photo Frames**

| Engraving               | Line 1: “Love isn’t the everything, it’s the only thing.”  
|                        | Line 2: “Michael and Sara”  
|                        | Line 3: “December 14, 2017”  
| Character Total        | 69  
| Wholesale Cost         | $351.48 ($1.74/wood frame + 2 extras)  
| Un-engraved Retail Cost| $1500 ($15 per frame)  
| Artwork Charge         | $50 (one time charge)  
| Engraving Time          | 4 hours (60 seconds engraving time + time to change out frames)  

What do you charge for a project like this? It’s really based on the market in which you are selling and the amount you need to earn on the job to make it profitable enough for your business. Below are a couple different ways that you could price this project:

Charge for engraving per letter. For example, you could charge a standard engraving fee for any engraving over 40 characters at $0.30 per character.

Use a standard fee for engraving based on the time it takes to engrave, not on the number of characters. For example, the text for the frames will not take long to engrave on each one, so you might charge the retail fee plus $30.00 per frame for engraving.

If you charged the different amounts per frame, look at the profit you could make off this one engraving job alone!

<table>
<thead>
<tr>
<th>Price Per Frame</th>
<th>Total Cost</th>
<th>Profit Before Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>$35</td>
<td>$3500</td>
<td>$2000</td>
</tr>
<tr>
<td>$40</td>
<td>$4000</td>
<td>$2500</td>
</tr>
<tr>
<td>$45</td>
<td>$4500</td>
<td>$3000</td>
</tr>
<tr>
<td>$50</td>
<td>$5000</td>
<td>$3500</td>
</tr>
</tbody>
</table>

**SPECIALIZATION VERSUS AN EXTENSIVE PRODUCT LINE**

Many people who are just starting their business begin by offering a wide variety of products and services. It’s an excellent way to determine which products are your most popular, as well as which ones are the most profitable for your business.

You may begin by offering photo engraving, photo frames and wine bottle etching. Perhaps all three are profitable for you; however, you’re staying so busy with them that you need to specialize. Shift the focus of your business to laser engraving wedding gifts, and you can then sell gift packages offering all three products as a customizable gift set.

**Benefits of specialization**

Do you want to offer to customize any product a customer brings you, or would you rather offer a limited selection of items available for customization?

Offering a limited selection can be beneficial because it allows you to truly perfect the settings for a certain material. In other words, if you specialize in glass engraving, your results would likely be better than someone who engraves all types of materials. Additionally, product specialization will make you more time efficient. Let’s say you are specializing in wine glass engraving for weddings and other events. If you have a selection of 20 different glasses available, you will be able to have the files set up and ready to go for each glass. Type in the text, insert the graphic you want to engrave and you can begin!

By cutting down your set-up time, you will be able to decrease the time you have to spend on each project. This can significantly increase your throughput on the laser system.

**Benefits of customization**

Customization of items is a service customers are willing to pay for. Offering custom engraving services allows you to increase your profits because you can charge significantly more to make a mass produced item truly one-of-a-kind.
MARKETING YOUR LASER COMPANY

Before you begin marketing your product and service, assess the area in which you want to sell. Determine if there is a demand for laser services.

How do I obtain customers?
For a business that specializes in engraving, the proof is in the end result. People need to see engraving and cutting examples to truly appreciate them, so visual advertising will be of great importance. Determine your signature sample. Ideally, your signature sample is one you can mass produce and send to prospects. Your signature sample also illustrates the great engraving detail and spot-on cutting capabilities of your engraving equipment. You may customize samples as necessary; however, ultimately your signature sample should be two things: memorable and usable.

Depending upon which industries you target, you could have a number of signature samples applicable to different audiences. You can send letters of introduction, special offers and samples to applicable decision makers within companies in your target market(s). A direct mailing with visual samples is just one way to establish your image with potential customers.

Take stock of everyone you know – it’s likely you already have a great contact who could use your service – a past coworker or supervisor who has a need for corporate gifts. A child’s sports coach in need of trophies and medals. A professor who works for a university that needs nameplates, badges and retiree gifts engraved. In this case, the old adage is true – it’s not what you know, it’s who you know – and you likely know someone who could benefit from your service.

Try out Epilog’s Sample Club for downloadable files you can use to build your sample base. There you’ll find a variety of materials and projects that will help build a stockpile of various samples.

Networking groups or trade associations:
Strong personal relationships are a great foundation for your business. Networking is an excellent resource for anyone venturing into the world of business. In fact, because you are spreading the word about your business to other business owners, effective networking is a great (and cost effective) marketing technique.

The best place to begin your search for relevant networking groups is to start with your local chamber of commerce. Since some networking groups are much more expensive than others, you can usually request a “free-visit” as a first-time attendee. This will allow you to determine if a particular group is a good fit for you. Regardless of the group you join, regular attendance will be important. If you attend these meetings on a regular basis, people will begin to get to know you and your company, which often leads to referrals (be prepared to reciprocate.)

Associations such as the Awards and Personalization Association (APA) will prove to be an extremely valuable tool in helping you network with other business owners and suppliers.

Tradeshows:
Tradeshows are an excellent way to present your service to customers. Since the lasers are so versatile, you could experiment with different audiences and products – wedding shows, craft shows, and home and garden shows are all excellent venues in which to start.

Website, flyers and business cards:
A website can be a very effective way to obtain customers. By offering your engraving services online, you are expanding your client base from your immediate geographic area to the entire country or even the world. By creating a website that is optimized for searches for your product offerings (engraved wedding photo frames, iPhone engraving, award engraving, etc.) you can quickly build your business by offering both predesigned products and custom engraving services.

Don’t let the marketing basics pass you by either! Develop a flyer that shows off what you can do and design a business card for your company. There are many inexpensive options online for your printing needs - do a search for online printing and you’ll find many choices. When you meet people at networking groups or at a tradeshow, give them a flyer that you’re proud of and that they might even pass it on to a friend!
WHAT’S MY FIRST STEP IN STARTING AN ENGRAVING BUSINESS?

Your first step is to learn everything you can about the laser engraving industry and potential markets you want to serve. Trade publications such as Awards and Engraving (A&E), Engravers Journal, Recognition Review and CorelDRAW Pro are all reputable publications that will give you insights into potential markets and customers.

The second step in starting your business is searching for and purchasing the perfect laser engraving system that best meets your needs.

There are four main questions to ask yourself before buying a laser:

- **What is the maximum size piece you will be working with?** You will need a system capable of holding the items you anticipate working with.

- **What materials will you be using?** Selecting the correct wattage of laser depends on which materials you will be using. While even low wattage (30 watt) lasers will engrave and cut most materials you will use, laser wattage and speed go hand-in-hand. Materials such as acrylic, coated metals and laserable plastic can be engraved with relatively little power at high speeds. Other materials, like wood or rubber will work with lower wattages, but require higher power to run at high speeds.

- **How large is your projected workload?** If you are devoting all your time to laser engraving, you’ll need a machine that can accommodate all the activity. If you are doing engraving as a side or part-time business, a smaller machine will accommodate a smaller workload.

- **What is your budget?** Smaller, lower wattage machines will be less expensive than larger, higher power machines. Depending upon your needs, the least expensive piece of equipment may cost you more in the long run if you find you need to upgrade soon after purchase.

Once you have answered these four questions, you’ll be able to find the engraving and cutting system that’s right for you. At your demonstration, your distributor will be able to help you decide on the table size and laser tube wattage that will help you create the type of projects you plan on completing.

**Can’t I find a less expensive laser?**

You will see some less expensive laser systems on the market in the 10 to 12 watt range. We wouldn't suggest less than 30 watts of power for a laser system. The lower wattage systems don't have enough power to run most projects and will have to engrave at very low speeds to etch at any depth in most materials.

There are also glass laser tube systems on the market that you should be wary of. These laser tubes need to be replaced much more often. You’ll also see a very visual difference in the engraving quality from these laser sources. Most manufacturers of these systems are located in Asia and are not currently able to provide the service or support that you will need.

Talk to your sales representative about the support you can expect from both the equipment manufacturer and from the distributor. Will parts be overnighted so you will be able to run your business? Ask for customer referrals, about the company's technical support capabilities, and about their responsiveness to problems. Your engraving business depends on your laser being up and running, so it's important to know the company you're working with is responsive and reputable.
**WHAT CAN I ENGRAVE WITH A LASER?**

Acrylic, wood, rubber, stone, leather, fabric, glass and many more materials can be engraved with the laser. Epilog’s CO2 laser systems provide a wide variety of opportunities. Below are just a few items you can customize for profit. So really, a more appropriate question might be “what can’t you engrave?”

**What products can you engrave?**

<table>
<thead>
<tr>
<th>Architectural Models</th>
<th>Awards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Gifts</td>
<td>Custom Cabinets</td>
</tr>
<tr>
<td>Desk Sets and Accessories</td>
<td>Decorative Tiles</td>
</tr>
<tr>
<td>Electronic Gadgets</td>
<td>Furniture</td>
</tr>
<tr>
<td>Glassware</td>
<td>Gunstocks</td>
</tr>
<tr>
<td>Key Chains</td>
<td>Laptop Covers</td>
</tr>
<tr>
<td>Mobile Phones</td>
<td>MP3 Players</td>
</tr>
<tr>
<td>Nameplates</td>
<td>Name Badges</td>
</tr>
<tr>
<td>Notary Seals</td>
<td>Picture Frames</td>
</tr>
<tr>
<td>Photo Albums</td>
<td>Plastic Signage</td>
</tr>
<tr>
<td>Promotional Items</td>
<td>Rubber Stamps</td>
</tr>
<tr>
<td>Sporting Goods</td>
<td>Toys</td>
</tr>
<tr>
<td>Wine Bottles</td>
<td>Wood Signage</td>
</tr>
</tbody>
</table>

**What materials can you use for all those engraving ideas?**

<table>
<thead>
<tr>
<th>Material</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acrylic</td>
<td>Anodized aluminum</td>
</tr>
<tr>
<td>Bamboo</td>
<td>Ceramic</td>
</tr>
<tr>
<td>Corian</td>
<td>Fabric</td>
</tr>
<tr>
<td>Glass</td>
<td>Granite</td>
</tr>
<tr>
<td>Laserable plastic</td>
<td>Leather</td>
</tr>
<tr>
<td>Marble</td>
<td>Matte board</td>
</tr>
<tr>
<td>Onyx</td>
<td>Paper</td>
</tr>
<tr>
<td>Pressboard</td>
<td>Rubber</td>
</tr>
<tr>
<td>Slate</td>
<td>Stone</td>
</tr>
<tr>
<td>Tile</td>
<td>Wood</td>
</tr>
</tbody>
</table>

**What industries/markets/occupations can benefit from laser engraving & cutting services?**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile dealerships</td>
<td>Assisted living communities</td>
</tr>
<tr>
<td>Architectural design firms</td>
<td>Human Resource Departments</td>
</tr>
<tr>
<td>Carpenters</td>
<td>Churches and other religious organizations</td>
</tr>
<tr>
<td>Clothing designers</td>
<td>Corporate gift suppliers</td>
</tr>
<tr>
<td>Community businesses</td>
<td>Event centers (stadiums, arenas, etc.)</td>
</tr>
<tr>
<td>Gift shops</td>
<td>Hospitals</td>
</tr>
<tr>
<td>Hotels</td>
<td>Home improvement operations</td>
</tr>
<tr>
<td>Home builders</td>
<td>Interior designers</td>
</tr>
<tr>
<td>Jewelers</td>
<td>Manufacturing plants</td>
</tr>
<tr>
<td>Non-profit organizations - zoos, libraries, recreational centers, etc.</td>
<td>Schools – all levels, academic, specialty, adult-education, etc.</td>
</tr>
<tr>
<td>Restaurants</td>
<td>Sporting good suppliers</td>
</tr>
<tr>
<td>Wedding coordinators</td>
<td>Bakeries and specialty food shops (yes, Epilog’s laser engraving equipment is food safe!)</td>
</tr>
</tbody>
</table>

As you can see, there are several markets you can serve with a laser engraving business. The biggest challenge is honing in on the market that is most profitable for you. If you start your business with an expansive product line, you’ll quickly learn what products and services are the most popular.
READY TO START YOUR OWN ENGRAVING BUSINESS? HARD WORK AHEAD!

Most successful business owners are passionate entrepreneurs at heart. Are you an entrepreneur? What makes a successful entrepreneur?

Ambition:
First and foremost, to be a successful entrepreneur you must have an insatiable desire to create your own business. You must possess the drive, dedication and commitment to make your business venture a triumphant one. It’s not a requirement, but it helps if you have a connection to your business, meaning your business should incorporate something you love— if you don’t particularly care for laser engraving, its technology, and the amazing results laser engraving equipment can produce, perhaps a laser engraving business is not the right choice for you. If you are personally interested in something, it is much easier to speak passionately about it. In other words, if you don’t love it, you can’t sell it.

The right mind set:
We all know education is important; however, some of the most successful business owners and entrepreneurs never set foot in a college classroom. You need an entrepreneurial mind set and a working knowledge about the industry you’re entering before you start! Common sense, hard work, follow-through and determination all comprise the strong mind set of a successful entrepreneur.

Start-up capital:
You can control your risk by limiting what you invest in a new business, but let’s be realistic: businesses need money to run and you need money to live. Don’t even consider starting a business until you have sufficient funds to support yourself for one year while starting your new business. Some businesses, like laser engraving, require a relatively small up-front investment. You can also save costs by working from a home office/ workshop and refraining from hiring unnecessary help. Adopting this “do-it-yourself” attitude is actually an excellent way to learn all the ins and outs of your new business—it will also qualify you to hire, train and delegate certain responsibilities in the future.

Now you must ask yourself: Do I have what it takes to be a successful entrepreneur? If you do...read on!

So you’ve got the entrepreneurial mind set. You’re convinced you want to go into business for yourself. What next?

Establishing your own business takes many things: motivation, talent, desire, planning and research. Like any game of strategy, victory in small business starts with decisive and correct opening moves.

Taking the time in the beginning of the process to determine your goals will increase your chances of success. You will need to explore your business and personal goals and use that information to help you build a comprehensive business plan that will help you reach them.

Begin by answering the following questions.

Why do you want to start your own business?
• You want to be your own boss.
• You want financial independence.
• You want creative freedom.
• You want to fully use your skills and knowledge.

Which type of business is right for you?
• What do I like to do with my time?
• What technical skills have I learned or developed?
• In what areas do others say I excel?
• How much time do I have to run a successful business?
• Do I have any hobbies or interests that are marketable?

The Pre-Business Checklist
This is the final step before creating your business plan. You’ll need to determine the following:

• What business am I interested in starting?
• What services or products will I sell? Where will I be located?
• What skills and experience do I bring to the business?
• What will be my legal structure?
• What will I name my business?
• What equipment or supplies will I need?
• What insurance coverage will be needed?
• What financing will I need?
• What are my resources?
• How will I compensate myself?

What niche will your business fill?

The following questions will help in this process, but you will need to do some research in your own area.

• Is my idea practical and will it fill a need?
• What is my competition?
• What is my business advantage over existing firms?
• Can I deliver a better quality service?
• Can I create a demand for my business?
CREATING YOUR BUSINESS PLAN

A business plan is a viable tool that will help you analyze the crucial issues you may have not yet considered. It will help raise money for your business and also provide milestones to gauge your success. It is the first step in any business venture.

Preparing a business plan – what it is and why you need it.
A business plan precisely defines your business and identifies your goals. The basic ingredients of a business plan include a current and pro forma balance sheet, an income statement, and a cash flow analysis. A business plan will assist you in properly allocating resources, addressing unforeseen complications, and overall making good business decisions.

Steps to creating a complete business plan.
Depending on how you want to begin your laser engraving business, you may or may not need to address each step. For example, if you are launching your laser engraving business from home, on a part-time basis, or as a supplement to your current occupation, you may not need to perform each task. However, should you have the desire to expand your business; the comprehensive outline to follow will be of great value.

According to the United States Small Business Administration, the body of your business plan can be divided into four distinct sections:

1. Description of the business
2. Marketing
3. Finances
4. Management

Elements of a Business Plan
1. Cover sheet
2. Statement of purpose
3. Table of contents

The Business
- Description of business
- Marketing
- Competition
- Operating procedures
- Personnel
- Business insurance

Financial Data
- Loan applications
- Capital equipment and supply list
- Balance sheet
- Breakeven analysis
- Pro-forma income projections (profit & loss statements)
- Three-year summary
- Detail by month, first year
- Detail by quarters, second and third years
- Assumptions upon which projections were based
- Pro-forma cash flow

Supporting Documents
- Tax returns of principals for last three years
- Personal financial statement (all banks have these forms)
- For franchised businesses, a copy of franchise contract and all supporting documents provided by the franchisor
- Copy of proposed lease or purchase agreement for building space
- Copy of licenses and other legal documents
- Copy of resumes of all principals
- Copies of letters of intent from suppliers, etc.
FINANCING AND STARTUP COSTS

Financing is imperative to all businesses. Since raising capital is an integral part of starting a business, the topics below are crucial when starting your venture.

Startup Costs
Unfortunately, there is no “magic formula” for estimating the start-up costs of your business. This is because each business is different – each has its own monetary needs at different stages of development. Some can be started on a small budget, while others may necessitate considerable investments in inventory and equipment.

The first step in determining your start-up costs is identifying all the expenses your business will experience during the start-up phase. Keep in mind that several of your expenses will be one-time costs. For example, the initial equipment purchase, or fee for incorporating your business are both one-time costs, whereas things like renting a storefront, monthly utilities and insurance are all ongoing expenses.

As you are planning and identifying costs, we encourage you to decide whether they are necessary or optional. Keep your budget realistic by only planning to purchase necessary elements for your start-up. Essential expenses can be separated into two groups: fixed (overhead) and variable (related to business sales). Fixed expenses cover things like monthly rent, utilities, and administrative and insurance costs. Variable expenses include inventory, shipping and packaging costs, sales commissions, and other costs associated with the direct sale of your product or service.

Breakeven Analysis
A breakeven analysis will help you understand when your business can cover all of its expenses and start to make a profit. You must thoroughly understand your start-up costs before you can begin to determine your breakeven point.

It’s crucial that new business owners understand that $10,000 in sales will not cover $10,000 in monthly overhead expenses. The cost of selling $10,000 in product may cost the business owner $2,000 at the wholesale price, which leaves a profit of $8,000. Simply put, you breakeven when your revenue is equal to all business costs.

How do you calculate your breakeven point? First, you need to determine your fixed and variable costs. Remember, fixed costs are expenses that do not vary with sales volume – they must be paid regardless of sales, and are often referred to as overhead costs. Variable costs fluctuate directly with sales volume, such as purchasing inventory, shipping, and manufacturing a product. Really, determining your breakeven point requires no more than strategic planning, cost identification, and a little simple arithmetic.

Buy a business or start fresh?
Many people find the idea of starting and running a small business exciting, but they lose motivation as they begin to understand the numerous details that must be addressed prior to starting out. The primary advantage to buying an existing business is that much of the work is already done for you. There is a significant reduction in start-up costs of money, time and energy. Additionally, cash flow may be quicker to start, thanks to existing inventory and receivables.

There are also disadvantages to buying an existing business – the biggest is the outright initial purchase cost. If you think about it, the business concept, customer base, brands, and other fundamental work have already been done for you, so costs of acquiring an existing business are usually much greater then starting from scratch. Additionally, it’s more difficult to take an existing, branded business and make it your own.

New, used, or lease-to-own?
While there are benefits to buying a laser system new, used, and leased, you’re going to need to choose the option that best fits your needs. A new laser system is going to allow you to have the best warranty available from the manufacturer and help you develop a relationship with your distributor that can be beneficial in the long run.

A used laser system may allow you to find a bargain price from a customer that is looking to upgrade to a larger system. Laser technology has changed a great deal over the past few years, providing faster, higher quality engraving, so be sure you are getting a newer technology.

Leasing-to-own a laser system is one of the most popular options because you can get into a new laser system for a very low cost. There are lease companies that specialize in laser systems, so be sure to talk to your distributor and find out the leasing companies with which they recommend working.
WHAT’S IN A NAME?

While coming up with a creative and memorable name might seem simple, there’s more to naming your business that coming up with something “cool.” You will need to consider state and local requirements, and also ensure you don’t infringe upon the rights of another business name.

Legal considerations
Creativity and understanding your target market will certainly come in handy as you select a moniker for your business; however, there’s more to it than that. For instance, prior to naming your business, you must determine what your business structure will be. Many states require a sole proprietor use his or her own name for the business name unless they formally file for another trade name or fictitious name.

Will your trade name be the same as the full legal name of your business? This is an important question to think about. Also important is researching whether your name is similar to another business name operating in your area. Remember that some businesses only file trademarks within their locality, so it’s possible that the same name can be used elsewhere. It will be part of your due diligence to learn pertinent information regarding to trademarks in your area when starting your business.

Search and registration
According to the US Small Business Administration, trade names can be registered through state Secretary of State offices, and through the United States Patent and Trademark Office (USPTO Trademark Search), for wider marketplace protection. The SBA recommends all businesses should first use the USPTO’s online system to search all state and federal trademark registers to see if their proposed name is being used.

Domain names
We practically live on the information super highway. Whether or not you actually sell products or services from your website, nearly every business has one if for nothing more than informational purposes. For many businesses, trade names are synonymous with domain names (like amazon.com.) Unlike trademarks or patents, domain names are not registered through state or local governments. They are sold through online businesses such as godaddy.com.

DETERMINING YOUR BUSINESS STRUCTURE

In the previous section, we mentioned that prior to establishing a name for your business, it is wise to determine your business structure. This is important because some states require a sole proprietor use his or her own name for the business name unless he or she formally files for another trade name or fictitious name. This section will discuss different types of business structures, as defined by the US Small Business Administration.

Sole Proprietorships
The majority of small businesses start out as sole proprietorships. A sole proprietorship is owned by a single individual who runs the business on a daily basis. The sole proprietor owns all of assets of the business and the profits generated by it. Also assumed by the proprietor is complete responsibility for any of its liabilities or debts. If you are a sole proprietor, you and your business are one and the same.

Partnerships
In a partnership, two or more people share ownership of one business. Because, like proprietorships, the owners and the business are one and the same, partners should have a legal agreement that outlines how issues will be handled.

Corporations
A corporation chartered by the state in which it is headquartered is considered by law to be a unique entity, separate and apart from those who own it. A corporation can be taxed, it can be sued, and it can enter into contractual agreements. Unlike sole proprietorships and partnerships, owners of a corporation are technically its shareholders. Upon forming the corporation, shareholders elect a board of directors to oversee the major policies and decisions. The corporation is separate from its owners – it does not dissolve if ownership changes.

Limited Liability Company (LLC)
A newer, sort of hybrid business structure is the Limited Liability Corporation. Now accepted in most states, the LLC is designed to provide the limited liability features of a corporation and the tax efficiencies and operational flexibility of a partnership. The LLC formation is a bit more complex and formal than a general partnership.
CAN YOU DO IT?

Yes! A profitable laser engraving business is indeed possible. So many of our customers are currently running successful businesses that they started from scratch. They were all where you are right now, trying to decide if a laser purchase is right for them. With creative ideas, hard work and dedication, they established growing, thriving businesses, and so can you.

We hope that this guide has provided you with a solid foundation into entering the laser engraving industry and has put you on the right path to starting your own successful enterprise.

When you start your business, remember to keep checking Epilog Laser’s website for great tips and tricks and project ideas and downloads in our Sample Club. We are 100% dedicated to helping you build a successful business and will continue to provide new ideas to make you more successful.

Good luck with your new journey. Here’s to you and your exciting new laser engraving business!