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THE EMBROIDERY COACH

Preliminary Planning

Next is your preliminary planning. For this, you are going to

- select your business name
- decide on the location of your business
- configure your floor space
- research embroidery machine and design software

The first thing I want to talk about is your business name. What does your business name say about you? What is the purpose of your business? Your name should let everyone know what it is that you do, and you may have a corporate name that you cannot change, but when you're picking the name that you want to be remembered by, you want people to be able to immediately know what it is that you do.

At the same time that you are deciding on your business name, you need to search to see if that name is available for your domain name. Go to smallbusinessmarketingdomains.com and do a search. You may not choose to get online right away with the website, but you must remember that every business needs a web presence. And if you can get that same name for both, that is a plus. This is not always possible, and many times choosing your domain name can be very frustrating because the one that you had your heart set on may be already taken. If you find that perfect name, purchase it, so that you'll have it and no one else will be able to use it.

You also want to purchase your own name if at all possible. My first business coach said that this was the first domain name that I should purchase, so that it would be locked up and no one else would be able to use it. This is very important. Choosing your business name is something that you must do very carefully, and if you cannot find the same name for your domain name as you have chosen for your business name, it does not have to be the same name as your actual business name. You want to choose a name that is easy to

remember, as short as possible, and one that tells what your business is all about. And if you plan to offer a lot of different items, then you may want to come up with a brand name, and all of your products will be under the same roof. I'm known as the Embroidery Coach, and I created that brand several years ago. Now, all of my products are marketed under The Embroidery Coach.

If you have a smaller niche market, you'll want to concentrate on key words for that market, such as the bridal market, the baby market, or something like a horse apparel market. Whatever the particular type of market that you want to work with will determine the type of words that you will come up with to create your business name. If you are creating products for a larger general market, then you must be more general in your name. Some cutesy name generally does not work well, and this is a huge mistake that many people make when they are creating their business name in the first place. It takes you much longer and costs you more money to market your business when you do this. You must make it easy for people to find you and remember how to find you.

Once you have your business name, you'll need to register it with your county. At least that's what is required in our area. You need to talk to your accountant about this, and he or she can point you in the right direction for your location.

Decide on a location for your business. Do you plan to start your business in your home, or are you going to start right out with a storefront? I always advise that my students start in their home if at all possible. This is going to be a sizeable investment to get started, and you want to make sure that it's going to work with your personal life. It's so much easier to make it all work when you are working from home, rather than if you are starting your business away from home.

Once you get established and feel like it's interfering with your home life, then you can expand and move it out of your home. Your investment in both time and money to start a business away from home is much greater.

You must find out from a realtor how much money it's going to cost per square foot for the rent in the location that you're interested in. Then you will need to figure out how much square footage is required for your business. And you will need to add these costs to your plan. You also need to know all of the

other charges that you will have, including utilities, property upkeep, and anything that is not going to be included in a lease or rental agreement but will be your responsibility. You will also need to think about remodeling, a showroom setup, and samples for display in addition to the items that you will need to start your business from your home.

Configuring your floor space. Do you know exactly how much floor space you will have to use for your business? You are going to need at least one small room or a corner in your basement to hold your embroidery machine and other equipment, a work table, and some shelving. My home workshop is 12 by 14 feet. It's very compact, but workable. I have two single head embroidery machines in that room, but I do not have my desk in that space. However, I would have room for it if I did not have two machines in there.

Researching your embroidery machine and embroidery design software. Now, purchasing your embroidery machine and embroidery software are the two largest investments that you will make in either starting your business or increasing the capacity of your business. The equipment side of your business is the area that must be researched thoroughly. Your embroidery machine and your software will be your money makers. You do not want to skimp on these pieces of equipment.

If you are brand new to embroidery and are starting in your home, I would advise starting with a single head machine. No matter how long you are in business or how large your business grows, you will always need a single head machine. If you are adding embroidery to your screen printing operation, you will need a single head machine, but you will also want to think about your market and the quantity of items that your current customers are purchasing. This will determine how many heads you need to purchase upfront for your embroidery department.

I advise most screen printers that add embroidery to their current business to start with a single head and a 4 head or a 6 head embroidery machine. It takes a lot of time to research them properly, and the final decision should not be made on price alone. When I work with clients, they always want me to help pick out the right machine for them, one that is going to work for their needs and within their budget. Now, this is an area that can be very confusing, because there are so many machines on the market today, and a lot of good sales people will tell you that their machine is the best one no

matter what the price is, just to make a sale. They tell you exactly what you want to hear.

Now, I'm going to tell you a little story about what I went through when I made a very costly mistake of purchasing a machine because it was a lower price. I had a single head embroidery machine, and I needed to purchase another machine because my orders were coming in very quickly and in large quantities. I did not do enough research to find the best machine that would work for me. I wanted a 12 head embroidery machine that was the top machine on the market. It was like my dream machine. But I went to a trade show and I found a 6 head machine for half the price. I thought that this would work for me based on what I was told by the salesman. I knew that it would take twice as long for my production because I could only do half as many garments in the same time frame. But I thought the lower price would more than make up the difference in my production.

Unfortunately, I was very wrong. That machine ended up costing me a huge amount of money in production time. This embroidery machine was always breaking down, resulting in costly repairs and down time that ultimately would have paid for the difference in the higher priced machine. Not to mention the headaches and worry of meeting customer deadlines. Do not ever make that mistake. After two years of production agony, I went to the bank and borrowed the money to purchase the 12 head machine that I wanted in the first place. I paid dearly for that lower priced machine and I would never advise anyone to take that route to save money. This is an area in your business that you truly get what you pay for.

Some embroidery machines do not perform well on certain types of products, such as caps. And you want to make sure that the machine that you select is going to sew great on whatever type of product you want to produce.

If you are serious about going into business and want to make a profit with your embroidery business, then you want a machine that is going to last. You will need one that is going to provide you with a lot of great service with very little down time, and you want a company that will stand behind their products. This combination is not always easy to find, but do not take the first person's word for it that you talk to. Compare several machines and talk to business owners as well as sales people about the machines. Ask what they like and what they don't like about their machine, experience purchasing it, and if it meets their expectations. Go to large trade shows and small trade

shows. The small ones will provide you with a more intimate setting, and you can often find someone around the booth that already has the machine that you're talking about. Talk to them about the company they purchased it from and ask them about the service that has been provided.

Now, I want to say one more thing about embroidery machines. I know that the small home embroidery machines are much less expensive to start with, but they are not going to give you the professional level of service that you need, and it's going to take you a lot longer to show a profit. I have many students that come to me after they have purchased their machines, only to find out that it is a small six-needle machine, or even a single-needle machine, and are very discouraged when they have not been able to make a profit.

So if you have not purchased a machine and want some advice on purchasing the right machine, contact me and we can discuss it. You want to start off with the right machine.

Embroidery design software. Now, when you're looking for embroidery software, there are many questions that you need to ask yourself before you make the purchase.

- What type of work are you going to be doing with your embroidery design software?
- Are you going to concentrate on lettering and stock designs?
- Do you want to be able to edit your designs?
- Are you going to have someone else create all of your designs for you?
- Do you want to learn how to digitize?

All of these questions must be answered before you decide which level of software you are going to be purchasing. Sometimes, this is a tough decision, because you really do not know most of these answers when you first start.

Each software company offers several levels of their software. If you are planning on learning how to digitize right away, then you will need that capability within your software. However, you do not need to purchase the highest level in order to be able to digitize. I have found that it's best to start with a low level of digitizing in one of the top brands of software when you first start, so that you will not be limited in your choices as to what you want to do. As you grow and prosper, you can always upgrade your software. Do not

make the mistake of purchasing an inexpensive software package because of the price and then find out you're limited with the selection of tools.

Many people start out by purchasing an inexpensive software thinking they need to learn all of the tools without spending much money, and then they will purchase a better brand of software after they've made some money. This is wrong thinking. This is going to slow you down. Quite often when you purchase a new machine and software together, you will get a reduced rate on your software. This will give you the opportunity to have great software to start with. This will shorten your learning curve and give you better quality stitch generation right from the beginning.

Purchasing your embroidery machine and embroidery design software by price alone is a mistake that is totally avoidable. If you make this mistake, your business will suffer. And you will be extremely disappointed with your purchase and the outcome of your embroidery business.

Now that you have done your research to decide which machine and software that will work for you, it is time to figure out how you plan to pay for it. Now, there are several options.

- Purchasing it with your savings
- Borrowing the money from family or friends, and I do not advise this
- Borrowing the money from the bank
- Going to the Small Business Administration
- Boing through a leasing company

Regardless of how you purchase the machine, you have to create a plan to do so.

If you purchase it with your savings, you need to have a plan to pay the money back into your savings account. If you borrow from family and friends, you are going to have to show them how you plan to pay the money back to them in a timely fashion. If you plan to go to the SBA or go to the bank to borrow the money, you will need a full business plan. They want to see how you intend to run your business, how you will promote your business, and where the funds are coming from to pay them back.

Working with the SBA is a long process. It took me 18 months to get the money to purchase one of my machines. Now, I do not advise that you go this route,

especially on your first machine. If you have a business already, this may be a good route for you to go, but keep in mind, the process is a long one and you have to produce much more financial data than even going to the bank.

Many embroiderers start with a leasing company because it is less time consuming and you do not have to have as much financial data as borrowing from the bank, and it does not tie up your cash as much as a bank loan. It is also a direct expense write-off, however, the actual cost of the machine in the long run will be more.

Now, you want to discuss this with your accountant before you make the final decision as to how you are going to pay for your equipment. This is very, very important.

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