Seven Considerations

Before You Start Your Business

By Rachel Lane

The Freedom To Grow

Contents

So, you want to start a business

Sounds like a great idea!

Many share the popular dream of firing their boss and creating something they are passionate about.

But, before you quit your day job and plunge into the entrepreneurial waters, take a moment to think over a few basic considerations.

1

Consider why you want to start a business

If you are reading this, odds are you are dissatisfied with some aspect of your career and feel that your own business would help solve the problem(s).

Sensing the need for change is often a positive indication of new growth – pay attention to the pain - but I can't stress enough the importance of really understanding your own personal "why".

Having a clear view of "why" causes the decisions of "what" and "how" to make more sense and far more likely to result in long-term success.

- **Do you have a vision you are passionate about?**
- **Do you have a wonderful idea you want to share?**
- **Would you like more control over your career? Your life?**
- **Are you looking for a higher income?**
- **Do you want a better work/life balance?**

Your why is the purpose, cause, or belief that inspires you to do what you do.

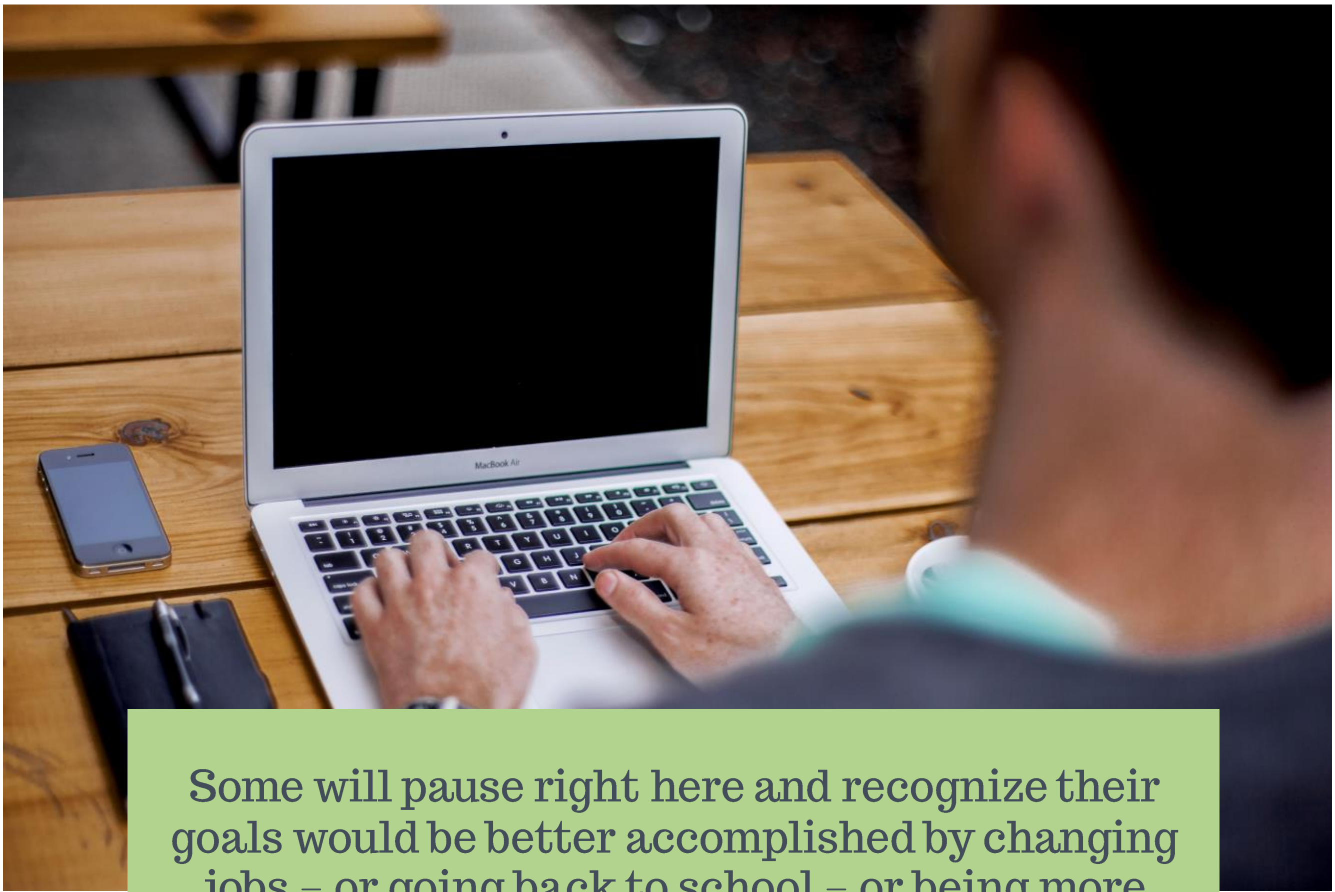
Simon Sinek

Some questions to ask yourself:

- What about my current job makes me unhappy?
- Why do those things make me unhappy?
- What do I want instead?
- How will owning my own business provide what I want?
- Is business ownership the only way to get what I want?
- Is business ownership the best way to get what I want?

Take some time to watch this 18 minute presentation by Simon Sinek. This will help you develop your WHY.

Start With Why TED Talk Video



Some will pause right here and recognize their goals would be better accomplished by changing jobs – or going back to school – or being more assertive in their current position.

For example, if you really want to work from home, it may be possible to continue your current job remotely. The internet makes this a lot more possible than a generation ago.

Or you may be able to pursue a career path that allows you to work from home if you gain some additional training.

If you want a higher income, you may seek additional education to gain a promotion, you may ask for a promotion and/or a raise, or you may change employers to increase pay.

These can be reasonable options for many people, and may get the results you desire.

If you want more control over the decisions of your employer, you may be able to buy-in to a higher level of ownership and/or make partner in a professional firm.

If you want a better life/work balance, you may be able to reduce hours or transfer to a less demanding job within the same business.

On the other hand . . . A business start-up may be your best or only route . . .

2

Consider your desire and comfort level

Not every business dreamer is cut out to be a business owner. Ironically, most of the following *contra-indicators* deal with the need to control everything, which is one reason a person may choose to set up their own shop in the first place.

- ***Inflexibility:*** Some business owners have an exaggerated sense of being "right". Confidence in self and your vision are important, but if you struggle to maintain business and/or personal relationships, starting a business may not be the best idea. Inflexibility will kill your business.

- ***Fear of Risk:*** All of life involves risk, but some people have a very low tolerance for dealing with factors outside of their control. The overall economy, as well as variations within certain industries can cause a lack of stability for any business. If you want a steady income more than you want to control decisions, then business ownership is probably not for you.

- ***Inability to Delegate:*** Often very intelligent, highly educated people can capably perform most, if not all the work in a business, possibly better than anyone else. In the early days, this is beneficial and even necessary. But in the long run, doing it all leads to over-work, burn-out, missed deadlines, and an early death for you and/or your business.

- ***Inability to take independent action/initiative:*** This may seem like a no-brainer, but the desire to create one's own work environment can appeal even to those who cannot function outside an established framework. If you are unable to create your own structure and/or you need someone instructing you to complete intermediate tasks to reach a primary goal, you will likely accumulate unhappy customers and end up with a failed business.

But Don't Despair!

. . . I certainly don't want to step on any dreams!

Armed with a powerful "why" and clear business goals, you can overcome any of these tendencies.

In fact, passion for your "why" may be just the motivation you need to conquer these business killers.

If you see yourself in this list, *be honest about what needs to be done* and your willingness and ability to do what it takes.

3
Consider your people skills

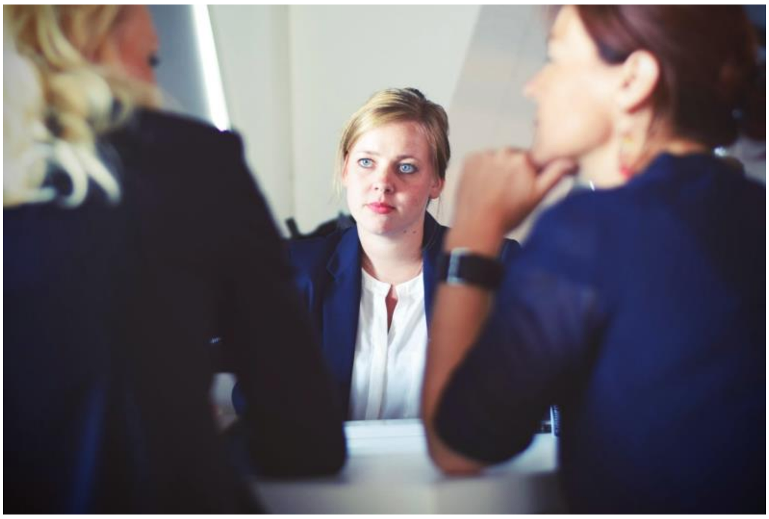
Sometimes people flee traditional employment because they can't get along with their boss, their co-workers, and/or the company's clients. They think being the boss will eliminate these inter-personal woes.

In reality, a business owner's need for people skills just about triples. It is one of the primary requirements of successful entrepreneurs!

Here is why:

You will need to communicate effectively to attract new business. Every client, patient, or customer will now be your boss – and just doing your job will no longer be enough, you must convert them into your biggest fans.

You will need to develop an enthusiastic staff to partner with you and your vision. You will need to lead them in working together as a team and in providing excellent customer service. Instead of just getting along with your co-workers, you will oversee them getting along with each other – no small task!



You will be interacting with bankers, government employees, and vendors - frustrating and requiring the ability to negotiate successfully with other humans.

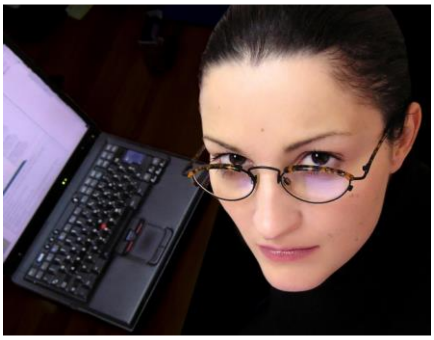
Business owners need to create and maintain healthy relationships. This will be crucial to your marketing success, your customer service success, and your staffing success. You will need to be able to develop trust, give and receive feedback, and express empathy.

Perhaps the biggest factor in relationships is the willingness to truly listen to others.

You will also need to understand and perfect the art of assertiveness. This means asking for what you want without being critical or demanding. It means solving problems instead of ignoring them and without resorting to personal attacks. You will need to effectively deal with your own emotions and the emotions of others.

To listen well is as powerful a means of communication and influence as to talk well.

John Marshall



If all this seems impossible to you, think twice about starting a business!

But, just like the personality contra-indicators, problems getting along with others can be beaten. This can only work by identifying problems and taking appropriate steps.

Human relationships and business communication are topics thoroughly explored by many readily available experts. You should have no trouble getting your hands on some great resources.

If you are determined to surmount this roadblock, you may even consider therapy.

4

Consider 90% of start-ups fail within 4 years

That is a sobering statistic! And not very encouraging at all!
What this means for you is:

Research and Planning are necessary

This chart gives a breakdown by industry, which is more encouraging, but not much.

Industry	Percent Still Operating After 4 Years
Finance Insurance and Real Estate	58 %
Education and Health	56 %
Agriculture	56 %
Services	55 %
Wholesale	54 %
Mining	51 %
Manufacturing	49 %
Construction	47 %
Retail	47 %
Transportation, Communication and Utilities	45 %
Information	37 %

I'm going to go out on a limb here and predict that those of you taking the time to consider the advisability of starting a business have already increased your chance of success.

The entrepreneurial beginner may go in one of several directions from this point, depending on his/her goals and whether they are entering a "ready-made" industry (such as architecture, accounting, veterinary medicine, auto repair, etc), embarking on retail sales of some sort, or do not yet know what kind of business they want and/or plan to create something completely new.

If you have an item you want to sell, research production methods. Research item popularity and the demographics of your most likely customers. Research your options for "setting up shop" - i.e. online, physical, or both. If online – research selling platforms, payment options, digital marketing, etc. If physical – research locations and options for equipment and furniture. Research as much as you can within your chosen industry (if it exists) to look for best practices to implement and dangers to avoid.

Quite a lot of generic "sales" research is available on the internet, to help with a wide range of important topics from marketing to customer services, from types of business organization to bookkeeping considerations, from maximizing profits to charitable contributions. The hard part is not getting overwhelmed by all the information!

If you do not yet know exactly what you want to do, go back to your goals and start your research there. Look for business opportunities that fit with who you are and what you want for your life. It may be a good time to step back and do some personality, interest, and skills assessments.

A simple but thorough resource I would recommend is the workbook, [What Color is Your Parachute?] By Richard N. Bolles.

If you hold some type of professional license and your goal is to create a business that offers those services in a way that helps you achieve your goals of personal satisfaction, higher pay, better work-life balance, etc; then start researching within that specific industry. Find out what makes for a successful firm or practice or shop. Discover pitfalls and ways to avoid them.

Most professions have some type of association which will be a great information source for the incoming proprietor. A lot of specialized software vendors offer free webinars on a wealth of relevant topics. In the realm of professional service firms, not much guess-work remains regarding business organization, setup, and management. These types of businesses have been around for a long time and whole industries have grown up alongside to support some of them. Statistically, these businesses fare better than others. I think the ready-made business model, huge amount of resources, and a built-in clientele account for their advantage.

At this point, I will assume you have chosen the entrepreneurial path. The research you have done here should help you with the remaining considerations – all of which will be incorporated into your Business Plan.

5

Consider your team

In the beginning, most small businesses are one- or two-man shops (I use the term "man" as in the sense of "human", not "male").

As a one- or two-man enterprise, you and/or your partner will most likely be doing *all* the tasks.

It is important, even before you begin, to write down all the tasks and assign a job title and job description. As your business grows, track the amount of time spent acting in each job capacity. When you find yourself working 70 - 80 hour weeks (or whatever level is unsustainable for you) the time records will help you identify potential positions to delegate, either to an employee or an outside service.

> *Great things in business are never done by one person. They're done by a team of people.*
>
> *Steve Jobs*

Hopefully you will be operating at enough of a profit to manage the cost.

You may also find you are not always the best person to wear every hat. For instance, many new business owners would be better off hiring a graphic designer to create their logo and/or create a website than attempting these jobs on their own. The quality of the finished product is so much higher and the non-technical entrepreneur is saved the do-it-yourself frustrations . . . unless you *are* a graphic designer, of course.

Another common job to outsource is bookkeeping. A bookkeeping firm will charge a small business roughly $300 per month and save the new owner hours of grief and needless worry.

If you intend to have a partner – consider your choice every bit as carefully as you would a spouse. You need to get along well with your partner and trust him/her implicitly. This is not "just business". This is going to be your creation and your livelihood for many years – hopefully!

So . . . Consider what needs to be done and how it will get done, both immediately and in the future.

6

Consider the necessary profitability

This is a crucial foundational consideration . . . After all, if you can't make a profit, the business is not going to work out!

When creating your Business Plan, you will develop financial projections. Software can walk you through this process, but before making the decision to move forward with your business idea, you should be able to determine how much it will cost to run, how much you will charge, and how many hours you need to work, how many clients you need to engage, or how many items you need to sell to break even and how many to make a sustainable profit.

Use the information resources discovered in chapter 4 to help with these calculations.

7
Consider your start-up financing

Along with profitability projections, this is a vital part of your Business Plan. Go ahead and prepare projections about the amount of money you will need to operate your business until it becomes profitable. Consider possible funding sources. Make sure you will have enough to sustain the business for at least 2 years. Make a primary plan and a backup plan in case there are setbacks. Determine what level of setbacks the business can sustain.

Next Steps:

Once you have worked through all these considerations and are convinced that business ownership is the route for you, circle back to #4. To give your business the best chance at the 10% success status, start with a good idea (vision), flesh it out with thorough research and planning (business plan), and carry out the plan with excellence (implementation). By now, you should at least have an outline of your vision and a start to your business plan. My best wishes as you solidify your plan and embark on implementation!

A Bonus Consideration

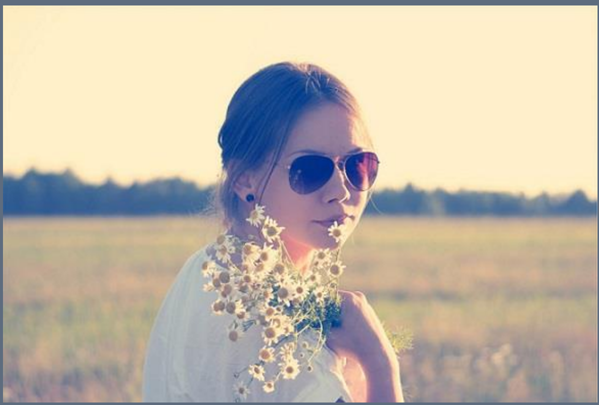
If your plan involves working from home, it is important to consider the viability. Do you have a dedicated work space? Do you have reasonably distraction-free work hours? Where will you meet clients/patients/customers? Will you have a dedicated business phone line?

I have seen very successful home-based businesses run from a desk in the corner of a bedroom, so you don't need a lot. But you do need to be realistic for the business you choose.

Your family will need to gain an understanding of what it means to WORK from home. You will need to set up realistic boundaries and strictly enforce them..

Lots of us choose to work from home specifically to raise our own children. However, small children and/or babies can be very challenging for the at-home professional.

If this is your situation, can you afford an after-school babysitter to keep them occupied for a few hours? Can a spouse and/or grandparent give you a hand? Can older siblings and/or cousins help with younger ones? Get creative about ways to gain distraction free work time.



If you are still looking for the right business for you, I invite you to consider an online health and wellness business.

More information is available here:

[FREE EVALUATION GUIDE]