

ATTENTION ENTREPRENEURS: DO YOU HAVE WHAT IT TAKES?

Getting Started

First, let it be said that, while there is a great deal of romance surrounding the notice of being an entrepreneur, not everyone has the aptitude. And it's important to understand that there's nothing wrong with *not* being an entrepreneur. This world functions well because of them, but it wouldn't be as successful if it were peopled solely with entrepreneurs.

Nevertheless, there are some general personality traits that are key for being an entrepreneur. If the following list seems to fit your personality, you may have what it takes:

- I am persistent, with a great deal of drive and stamina. I see problems as opportunities. I have a good intuitive sense and thrive on new ideas.
- I tend to rebel against authority. I want to be my own boss.
- I am positive, communicate well, and enjoy working with people.
- I have a strong need to succeed, financially and otherwise.
- I'm not afraid to make mistakes, and I learn from them.

FAQs

How can I be sure I've got what it takes?

Before quitting your job and using your savings to start a business, you owe it to yourself to approach your entrepreneurial venture with some practicality. Take a more in-dept personality test and talk to small business advisers – often available at no cost through business associations, community colleges, and organizations such as SCORE (Service Corps of Retired Executives).

How much money will I need?

Whether you want to buy an existing business, purchase a franchise, start your own company, or merely offer services to others from a home office, starting a business depends on first knowing the numbers. People in the same or similar business are a good source of information – use your ingenuity to find out what it cost them to get started, and where they got the funds to do so. Other sources include trade associations, franchise organizations, business articles in magazines and newspapers, Internet research, or business consultants.

Besides being an ideas person, what else do I need to be good at?

Success in a new enterprise depends on dedication and the consistent application of good business principles. Some of these principles include: being good with money; being good with people (investors, suppliers, employees, and so on); being a good promoter (marketing, sales, PR); and being good to yourself. Many entrepreneurs burn out before their business take hold. In this game, pacing yourself and your business is important.

MAKING IT HAPPEN

Check That You Have the Right Idea

If you've got a great new idea and no competition in sight, you must be sure that the product or service will be of value to customers – at a price at which you can afford to

sell it. If your aim is to enter a field with established competitors, you have to know your own strengths and weaknesses, as well as those of your competition. You have to be certain that you can provide a better product or service for a competitive price. Finding out all these things is called "market research," and you'll have to do a thorough job of it to succeed.

Develop a Detailed, Professional Business Plan

This is the key to building a successful business. Having a well-considered and systematic plan allows you to recognize problems as they arise in time to be able to take corrective action. The plan should be a living document, flexible over time to adapt to changes in the marketplace and your industry. It should include sections on every facet of your business – whether you're a sole proprietor or the executive director of a new manufacturing venture.

Bankroll Your Idea

Take your ideas and business plan to a variety of people, starting with friends and close supporters. Be prepared for critical feedback, and be flexible. Take the inevitable first few comments of "no thanks" as opportunities to fine tune the next presentation. One of the hallmarks of an entrepreneur is the ability to regroup, rethink, and reach a goal in another way.

Seeking publicity for your business is a way not only to notify potential customers but also to get the attention of possible investors. The more people who know about your idea, the better the chances that you'll attract the right investor.

Be willing to share a portion of the company with the right partners, but be wary of finance companies and investors who want full control, or the lion's share of the proceeds.

Consider entering a joint venture with another company, or position your company to attract start-up funds from federal or state sources.

Practice Your Networking

Being entrepreneurial doesn't mean being a lone ranger. Being successful often depends on your ability to network with potential customers, suppliers, new investors, and even those in government who control certain aspects of the business environment.

Plan Your Marketing and PR

An integral part of your business plan involves a marketing plan – how you intend to create the demand for your product or service. While market research tells you the "what" and "where" of your opportunities, the marketing plan outlines the steps by which you will find potential customers and convince them to buy from you. Networking is a form of marketing and promotion, whereas advertising and PR (public relations) are others.

Make Sure You Have the Right Financial and Management Support

Sometimes entrepreneurs are better at ideas than at managing budgets, business operations, and employees. Anticipate that you'll need more capital than you figured at the start, and don't be lavish with spending beyond the company's means. If you find yourself in a questionable position, make sure you have a network of trusted and experienced advisers to help you see the proper perspective.

COMMON MISTAKES

Setting up Equal Partnerships

Entrepreneurs often share the start-up responsibilities with a partner or partners. However, sharing 50-50 or by thirds or quarters is a big mistake, because conflicts will inevitably arise and need someone in a controlling position to make a final decision. Choose (or hire) a C.E.O. – someone with the experience and skills needed for success – and give that person a greater decision-making authority and a bigger salary, even if it is only bigger by a smaller margin.

Having Inadequate People and Planning

Entrepreneurs must become strong managers when the company gets going. Many businesses fail because the people in charge don't have the managerial qualities or strength to cope with the challenges. Business stress also can cause personal issues to arise which make the challenges doubly difficult. Personality assessments can determine if you're cut out for a managerial position, and managerial training can prepare you for your new role as an executive.

Without proper market research and a solid business plan, a business is more likely to fail. The more advanced preparation that is done, the better the chances for success.

Relying Too Heavily on One or Two Customers

Having too few customers makes your business vulnerable, because it ties your future to the decisions of other organizations. If their business falters, it puts your hard work and dedication at risk – through no fault of your own. The advance of personal financial consultants is appropriate here. Having lots of customers, even though none of them is gigantic, is healthier in the long run.

Causing Cashflow Troubles through Insufficient Financing

While some people are successful at jump-starting their own enterprise with little or no outside investment, they do so by being fortunate, being modest in their spending, and by plowing profits back into the business.

The majority of businesses, however, don't deliver the projected first-year sales volume. It's better to overestimate your need for capital resources at the beginning and to underestimate your projected sales figures. It's better to be pleasantly surprised at your success than to lose the business and your house because the money isn't there when it's needed.

When contemplating an expansion of your business, be wary of spiraling costs. If you're in a cyclical business, or one vulnerable to recession, be sure to be very calculating about your expenses – develop "Plan B" well before you need to implement it.

Failing to Admit Mistakes

Entrepreneurs are sometimes the last to admit that their idea hasn't the sparkle it once did. Cut your losses and move on if your advisers all agree that you should. Doing so may save the company – if you can move quickly enough to capitalize on your mistakes, or shift the product or service to take advantage of other opportunities.

Underestimating the Competition

Your competition won't stand still for long, once you've demonstrated their weakness in the marketplace with your product or service. Expect them to plug the hole quickly and even try to outflank you in the process. Your business and marketing plans should anticipate how to deal with new initiatives from your competition. If you conduct ongoing research, product and service evaluations, and marketing campaigns, you should always be one step ahead of the competition.