



So You Want To Start A Small Business?

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By: Joe the Investor
Fee-Only Financial Planner

The hot new trend these days is to strike out on your own and start a small business. The world of work is becoming more depressing by the day, and the opportunities are diminishing as the supply of workers is flooding the market. Anyone who has taken economics can see the supply for workers is going higher and the demand for workers is getting lower. This is not great for wage growth, benefits or job security. In spite of the rhetoric, good jobs cannot be created if the economics is not there. The key is to shift the economics so that the demand occurs naturally rather than trying to legislate it. This is one of the key reasons why entrepreneurship is on the rise.

If you are one of the people who want to start a new business, there is the usual advice about having a business plan, securing financing, hiring the right people and having a product that other people don't make. All of this is relevant, but it will not insure that your business will succeed.

You need to ask yourself some hard questions. The first one is: "Am I self-starter?" It sounds like a question for a job interview, but this question is not tailored to get a job - this is the real deal. You will not have anyone pushing you to get your work done. You have to be the boss and the employee. If you become the entrepreneur and hire people, this will become more important since you have to motivate yourself to get started and then allocate work to your employees. If this is not you, consider long and hard if you want to be an entrepreneur.

The second question is: "How do I handle uncertainty?" Again, this is not an interview question. The name of the start-up game is uncertainty – of cash flow, of marketing strategies, of obtaining financing, choosing which pitch to pursue or which product to emphasize. A related question to this one is "Am I able to make decisions easily and quickly?" You can get help with details, but you have to flip the switch because it is your business. Alternatively, you have to be able to *not* pull the switch if the idea stinks. If you are not sure, you will have to be willing to live with the consequences. If you make a conscious decision to have people help you make decisions, make sure they understand you thoroughly and would risk their life for you. A related theme to uncertainty is surprises. Sometimes, events will come your way that you didn't expect which could permanently change how your business goes. Examples are a new business partner, a new method of financing, a new sales technique, or a new product that can be launched.

The third question is: “How do I feel about experimenting when the stakes are real?” Like it or not, entrepreneurship is about trial and error. Sure there are many sites and courses telling you how to start a business and giving you guidelines. These resources are there to allow you to avoid landmines – those oversights that can destroy your business or set you back by wasting your resources. *These resources tell you how to run a business, but not your business.* If everyone just followed what the small business blogs tell you, everyone can start a business and there would be no risk. Just follow this formula and everything is going to be okay. Unfortunately, experimentation is about doing things that have not been done before. You are inventing the formula or applying it to a specific need which has not been tried in the past. While in hindsight this is a source of pride and excitement, it does not earn much credit in the beginning when there is failure after failure.

This brings on the fourth question: “How do you handle rejection and failure?” If you are able to keep trying and find confidence to try again simply because “that is the thing to do” then you are on to something. You will also have to be open-minded because sometimes you are barking up the wrong tree and failure is there to keep your direction straight. There is also the notion of criticism. In many cases, people closest to you will not understand your desire to be an entrepreneur. Typical phrasing would sound like: “Gee you have this stable job. Why would you give it up for something that has no future?” If you deviate from your career, the phrasing will be “But you are an engineer. You have spent years studying and are practicing it. Why would you give it up to be a writer?” Of course it does not make sense at the beginning and you have no numbers to back up or justify why you would do something. A typical answer could be “I just know it is the right thing to do” or “I am not happy doing this career”. Since there are no tangibles and no proof, you will be called crazy. You may be abandoned by those you love because they can’t see your vision. This brings me to the next question.

The fifth question is: “Do you have a dream or vision?” Many people become entrepreneurs for tax reasons, due to job layoff or because they are getting away from a horrid boss, a boring career or obsolescence in their skills. These may all be valid reasons, but if you want to have a thriving business, you need a vision. You also need to be able to adjust the vision as new information becomes available. Visionaries can see things well into the future before there is much evidence of anything happening. It is very similar to the artist who can visualize their painting or the musician who can hear their music and get to work on composing it. When they are asked how it happened, they might say “I just knew” or “I could see it clearly” or “I could feel it was the right thing”.

The last question is “How do I feel about trust, faith and taking a leap when nobody is there to back me up and there is no way to justify what I am doing?” If you cannot fathom ever doing this, being an entrepreneur may be tough. Most people cannot start businesses unless they address these questions because this is the stuff that must be dealt with. It should be noted that most of these questions deal with the intangible, because an entrepreneur is taking something that is intangible and making it tangible.

Note that if you are missing one of these parameters, it does not mean you should pack it in. All of these things can be learned or developed as the need arises. These factors should be addressed however to make sure they are done somehow by whoever is a part of your company.

Contact me, Joe Barbieri by email at joetheinvestor.today@gmail.com, or by telephone at 647-286-8020 for an independent consultation on what your options are. **Note: This site is intended for people who want to learn about the world of investments and how to research for themselves. If you would like to buy or sell investment products, or specific advice on investment products, tax or legal issues, please consult your investment advisor, accountant or legal counsel**