

The YEBDC Small Business Information Column

by Sue Gingerich, Business Advisor

"Do You Have What It Takes To Own Your Own Business?"

Unfortunately many new small businesses fail within the first 3 to 5 years of starting up. Even if they do not close up shop within that time period many more business owners are plagued by NOT really making "their dream come true". They are still in business but they are just making it. The facts are that nearly 75% of all new businesses fail in the first three years! It sounds discouraging doesn't it? Yes, it does, BUT IT doesn't have to be that way.

If you are thinking of going into business for yourself, first, consider the following carefully:

- Is this the right business for you? Try to imagine what it will be like doing this "business" day after day after day. Believe it or not, many people actually lose interest in their own businesses!
- Be prepared to treat the business seriously. Those most in danger are those individuals who are opening "hobby" businesses. Maybe it isn't your only source of income, or maybe you started this business because you thought it would be "fun" not "work." Often the idea is actually a viable one, but without setting some clear goals and expectations the business just kind of floats along until it runs into trouble. When trouble hits it becomes much more difficult to know what to do to save the business because the owner doesn't really know where they have gone wrong!
- Do you actually have the technical expertise to run this business? Your customers will be looking to you for advice. They want to buy from someone who knows just as much as they do or more. If you do not have this expertise, then hire it, or educate yourself, or forget it. You may sell to a customer ONCE, but you won't sell to them twice if they don't trust your judgment or the information you gave them.
- Do you actually have the ability to manage a business? Just being an expert in a field won't guarantee that you know how to promote what you do, nor will it ensure that you do your books or that you can interpret what those books tell you once completed. Here too though, you don't need to know it all yourself, you just need to admit that you don't know it all and hire the right individuals who do or, contract out that portion of your business. You are probably saying "BUT small businesses can't afford to hire." Well, unfortunately they can't afford not too. If the job is NOT getting done, then you are losing sales or money somewhere. The money spent on hiring a competent person to do a job that you do not like to do or are not good at, relieves you to do what you are good at. Also, this individual will most likely MAKE you money, because they like and are good at these tasks. This is especially true when you contract out, as you are now hiring "experts" to do those jobs!
- Before STARTING the business be sure that it is a viable idea. In theory many business ideas sound great, but just can't work in reality. Either the costs of running it are just too high or there just aren't enough customers to make it viable. Be sure to estimate all costs before starting and make sure the sales will cover the expenses.
- Be prepared for the unexpected. If it doesn't happen great, but if something happens and you are not prepared for it, what will you do? This means having insurance, or having service maintenance agreements for equipment you rely heavily on. One other way to prepare for the unknown and unexpected is to calculate a contingency amount into your forecasts. (Even with thorough planning most businesses overrun their original startup forecasts by 30%.) Do as much research as possible and talk to as many people as you can prior to setting up. Hopefully, this will help you to avoid costly mistakes. There are also great books and great courses available to help you know how to get started.

Business owners need to be clear on what it is they want to achieve. They need to remain focused and not give up. They also need to be able to give themselves a kick in the pants when needed, because once you own your own business, it is only you who calls the shots!

For help in getting started call the YEBDC for individual consulting, courses or drop by and check out their small business library.

If you have a small business and have a question or problem that you think The YEBDC could help you with please call or write to: The Yellowed East Business Development Corporation, Box 249, Sangudo, Alberta, T0E 2A0
1-800-556-0328 or 1-780-785-2900, e mail: yebdc@yebdc.ab.ca or access our Website at: www.yebdc.ab.ca

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