



For New Small Business Owners

Are you ready for Entrepreneurship: Should I Start My Own Company?

For many it is a dream of freedom and riches. As a small business owner you set your own hours. You can pay yourself what you want and you can write off many expenses that would normally be paid for using after tax dollars.

Yet anyone who has ever failed in business understands that these “all-too-perfect” perceptions cloak the darker reality of going into business for yourself. Running your own business is difficult. There will be times when everything is going well, but you also need to be prepared for times when you literally do not know where your next dollar will come from.

Everyone who starts their own business is taking a risk. We have seen people lose their life savings in dot.com ventures. We have also seen entrepreneurs turn a simple concept like manufacturing candles or running a mini-storage operation into highly profitable businesses.

There is a big difference between building a business and being self-employed. When you are self-employed you may only need a handful of customers to keep you busy year round. The advantage of self-employment is that you can develop a steady revenue stream faster. The drawback is that you will always depend on yourself for income; when you build a business you are ideally creating an entity that will eventually be able to run itself without your participation.

Before you decide to start your own business there are a number of questions you should consider:

When faced with a serious challenge do you stick it out and solve the problem or do you prefer to walk away?

Determination is a key to succeeding in business ... if you prefer to walk away then self-employment may not be your best option.

Do you have existing experience and contacts that will help you build your customer base?

Connections to potential customers will speed up the process of establishing your customer base. The old adage “it is not what you know, but who you know” may be overused, but it is true.

Do you have the financial resources (savings or part-time work outside of your business) to get you through the tough start-up phase?

Many people seem to think “that won’t happen to me” when they hear about business start-ups taking 3-5 years to build a steady income stream. Then they get into business and learn that yes, it will happen to them. Before starting your own business be prepared with emergency resources and a fallback position. Can you work part-time at first so that you maintain an outside income stream? Another important consideration is whether or not you have the credit rating and assets needed to secure financing for your new venture.

Will your family support you?

Having both the emotional and financial support of your family will help you succeed in business. The last thing you need when you are putting in long hours and the stress is intense is to discover that your spouse resents your decision to start or purchase a business. Since it can be difficult to secure a bank loan during the start-up phase many new entrepreneurs depend on family and friends for financial help.

Are you comfortable with sales?

Having the gumption to sell your products or services is a real challenge for many people. If you plan to open a retail store your location will bring people to you, but for many entrepreneurs building a business requires a significant amount of selling. You not only need to be comfortable with contacting people you don’t know, but you also need to be good at convincing them to select your company over competitors when awarding a contract.

Can you evaluate yourself honestly?

The ability to look at what is really going on as opposed to what you would like to imagine is happening is critical, because not recognizing your own weaknesses and failures can put your entire company at risk.



Do you have business experience?

As with any profession running a business requires a certain set of skills. There are three main aspects to running a business:

Operations	This is the actual “doing” where you work in your business, whether it is electrical installation or running your store on a daily basis
Marketing	Sales, media relations and your marketing strategy are essential to the success of a new business
Management	This is where you work on your business rather than in it and involves legal, financial and personnel management.

Useful Start-Up Skills & Attributes:

You need to be:

Creative, A Problem solver, Determined, Persistent, A Careful risk taker, A Forward thinker, A Good communicator, Goal-oriented, Understanding of business finances: (balance sheet, profit and loss statements, cashflow forecasting, break-even analysis and basic bookkeeping) , Capable of selling.

For more information see:

Evaluate Your Options: Starting a New Business or Buying a Business in Canada?