

Starting up a business

You've decided to go into business, but where do you begin?

Whether you have a great idea for a business or are looking to take over an existing operation, having accurate information about your business obligations, industry, market and finances is vital to building a successful venture. You will need to determine the best structure for your business and draw up a business and marketing plan. You will also need to estimate your start-up costs and determine the best location for your business

Top 5 Questions to ask yourself when starting out on your own

1. Have I done the right amount of research?

The excitement of starting a new business can cause small business entrepreneurs to be too hasty. Often driven by the mistaken belief that some imaginary boat will be missed if the business isn't started NOW, this haste can result in the cutting of corners, particularly in the area of research.

Research – whether into potential markets, the activities of competitors, the mechanics of the business, financial projections or methods of marketing – is essential when completing a realistic and comprehensive business plan.

On a contrary note, too much research can signal and fuel procrastination. Many prospective business owners remain just that – prospective – rendered motionless under the weight and anxieties caused by research excess.

How do you find the happy medium? Draft a research plan by listing the headings that you feel need attention. Then discuss this with 2 or 3 business friends or associates and gather their opinions (and no, *not* the ones who you know will agree with everything you say!).

2. Have I been realistic about the pitfalls?

Read any book about entrepreneurs and you'll find the word 'risk' somewhere near the beginning. Every new business has an element of risk, often it's risk that precedes revolution and it's revolution that can bring huge success.

However, there's a distinction between risk and irresponsibility. In a nutshell, risk is not usually terminal. Sure the business itself might fail, but the possibility of loss will have been foreseen and personal disaster will generally have been avoided. Irresponsibility on the other hand generally indicates that pitfalls have been blatantly ignored.

When risks takers don't pull it off, it's onto the next. When the irresponsible fail, it's lose everything and head back to employment.

A classic scenario is the entrepreneur fired-up with the most unique, groundbreaking business idea ever. It's what the World has been waiting for?" we hear, "no-one has ever done it like this!" Er, why?

Unique, groundbreaking ideas are fabulous, alas they seldom translate into successful businesses. Far better to do what others have done, learn from their lessons and do it better.

3. Am I cut out to working on my own?

Working for yourself sounds like bliss and to many it is. To others, however, it's lonely, isolating and downright destructive.

Before starting out on your own, take a good look at your strengths and weaknesses. Ask yourself these questions as a starter:

- In what way may my behaviours sabotage my business?
- Am I a good problem solver?
- Will I interact with enough people during the week?
- How ill I delineate between work and play?

4. Can I handle administrative tasks AND develop my business?

'How did I get here?' is a far too common complaint of the small business entrepreneur. Just a few months into the business and the optimism of the pre-launch period has been replaced with mountains of paperwork and endless action lists. At this point, days go by where little is achieved other than a run to the Post Office or a drop off to the bank.

This can be due to insufficient thought being given to the mechanics of the business, insufficient notice taken of early signals or (most commonly) a lack of formulating procedures.

5. Do I have sufficient financial reserves?

Commonly, start-ups are under funded. There's simply insufficient reserve to survive the development period. Here we see the new owner opting for the "she'll be right" seat of the pants approach to business – not a sensible strategy.

Of course occasionally we hear of an under-capitalised business that launches and succeeds effortlessly. But ever wondered why it's so newsworthy?

Imagine trying to promote, market and network your business when you're anxious about whether you'll meet the next rent payment. Not only is it very personally draining, it becomes very apparent to others that you're in difficulty.

It's a harsh reality, but few want to give custom to a business that appears to be failing. Make sure you have the funds to ride out the storm.

Tips for finding the perfect business name

The name you give your business can be extremely important; not just at the outset of a new enterprise, but as the business develops or diversifies.

Often the first impression of your business is made from its name; it's a key ingredient of your identity and image. Cumbersome, self-serving, lengthy, or confusing names can impact on the success of your business by repelling your customers.

Choosing a name that really fits your business can be difficult and time-consuming. In the process of developing business names certain actions make the exercise much more likely to succeed.

CLARIFY YOUR OFFERINGS

There's nothing worse than coming up with a name that two years into business no longer suits or reflects what you do.

Get straight exactly what your business offers and how it's likely to develop. Write a very brief statement (30 words max.) and keep it in front of you; refer to it regularly throughout the naming process.

KEEP IT BRIEF

You only have to follow the actions of the multinationals to see that many very expensive name changes are driven by a desire to shorten the length of a name.

Dropping descriptors can be enormously helpful, as many are unwieldy and unnecessary. If you want to explain what you do, fine, just don't make it part of the name.

Imagine you are the switchboard operator for a fictitious company – Paradise Removals, Deliveries and Storage Pty. Ltd. – consider which of these is easier to say and likely to be more memorable by the consumer:

- *Hello, this is Paradise Removals, Deliveries and Storage, how may I help you?*

Or

- *Hello, welcome to Paradise, how may I help you?*

A short name may have less communication content, but it has more communication impact since it will be easier to say and easier to remember. Consumers tend to shorten long company names anyway, so why not provide the shorter version in the first place?

ALWAYS CONSIDER THE CONTEXT

Where your name will be most commonly applied, seen and heard is another key consideration in the naming process and this can impact on the visual 'stand out' required.

The name may need to be on signs, vehicle livery and packaging in addition to the 'normal' communication materials of letterheads, compliment slips and business cards.

Increasingly, names have a big presence on the Internet and will therefore need to exist as a domain name.

All these applications need careful consideration – and that's before you start thinking about design and the use of colour!

A particularly challenging issue with regard to domain names is that multiple words are joined without a letter space, causing names to appear clumsy and unpronounceable; worse still they can suggest an altogether different meaning.

For example, you may not assume this web address to be a company offering kitchen extensions!

BE CAUTIOUS WHEN REFERRING TO A GEOGRAPHIC LOCATION IN YOUR NAME

Using a name with a specific geographic location can be unnecessarily restricting, particularly as your business grows. Unless a geographic marker is essential to your business it's probably best avoided.

If you're planning to trade internationally, via the Internet, think globally from day one.

DON'T DIE IN A DITCH TRYING TO BE TOTALLY ORIGINAL

If you're after a name that absolutely no one else has you may be searching unnecessarily for a long time. Concentrate on getting a name that's right and then look at how to make it your own.

Clever design and the use of colour can add your personality to a name. The addition of phrases or subtitles can make accessible a name already in use by a non-related business. 'Whizzo' may not be available but 'Whizzo International' possibly is and clever typography can position 'International' as a secondary, almost invisible heading.

KNOW WHEN (AND WHEN NOT) TO USE YOUR OWN NAME

If you have a strong reputation in a particular field and your business is basically you, then you may want to use your own name.

If, however, you're opening a new business to sell products or provide a service in which you haven't yet establish an expertise, then, in general, using your name may not be the smartest idea.

Furthermore, use of your own name can cause problems should you wish to 'step back' from the business in years to come.

KEEP YOUR CUSTOMERS IN MIND

Finally, always keep your customers in mind. Avoid clever names that people can't pronounce or spell.

There are few business irritants worse than making your customers (or your receptionist) squirm every time they grapple with the name; receiving misspelled letters and invoices or discovering your business has become the butt of jokes.

A great name will serve you for the life of your business.

Don't rush the process. Get it right the first time.