

A Few Tips for Your



Start-Up Business Owner's Checklist

January 14, 2014



By Ted Horton-Billard

Founder and Owner, THB Consulting Services a veteran owned, Beverly Hills, California based, business management consulting firm.

www.thbconsultingservices.com

The reality is, and all the statistics bear out, most small businesses will fail within the first two (2) years. All too often, the principal drivers for such failures are avoidable. These drivers include unrealistic expectations, poor planning and incompetent execution.

So, how may aspiring Start-up Owners beat the odds and launch a sustainable, successful business venture? Simple, here are five (5) start-up tips you can add to your checklist which may help you avoid becoming another unfortunate statistic.

1. Do your homework

Deciding whether or not to start a business requires a lot of research if you have any hope of being successful. Fortunately, doing research has never been easier. With the stunning volume of helpful information available with just a key stroke or two on the internet, there is no excuse for not having all the information you need to successfully launch your start-up company.

The real challenge is filtering through a sea of irrelevant detail which can sometimes be misleading, confusing and present a daunting task for some potential new small business owners. Knowing what information you need to research, and how relevant that information is to what you're planning to do, is the key to keeping the homework assignment reasonable. In this regard, I suggest you start with some general information about the type of business and the industry you're contemplating. As you learn more

about the type of business you want to start and the industry in which it would operate, many of your research questions will become more readily apparent.

Starting to draft a business plan will also help you identify what areas of homework are relevant and necessary to being successful. I always encourage my start-up clients to use the SCORE business planning templates for help. These templates are wonderful and they offer a good starting point for any would-be business owner. (Please see <http://www.score.org/resources/business-planning-financial-statements-template-gallery>)

Doing your homework will ultimately help avoid unrealistic expectations and improve the quality of your planning and execution.

2. Validate Assumptions

We've all heard the childhood saying that "*he who assumes makes an ass out of u and me.*" Frankly, after spending thousands of dollars of your own, hard-earned money and hundreds of hours working to start a business based upon assumptions, you may come to wish the only bad thing that happens to you is that you've made an ass of yourself and others who may have supported you. The truth is relying on assumptions can be an extraordinarily dangerous practice which could conceivably lead to future lawsuits, government action, or worse.

If your answer to any question about your business idea includes words like "*I think so,*" "*I don't know,*" and/or "*maybe*" than you need to stop and figure it out! It is remarkable how many people start businesses assuming everything from expenses, income, customers, to compliance with a plethora of regulatory requirements. Is it any wonder so many start-up businesses fail?

If you are starting your business on assumptions **YOU HAVE NOT DONE YOUR HOMEWORK! Go BACK** to number 1 above, and "*do not pass go and do not collect \$200.*" Sound business planning requires that you take into account as much relevant information as reasonably possible to make the best informed business decision within the most optimal timeframe. When you replace information with an assumption, you dramatically increase the chances your plan will fail. And so it follows, the more assumptions you rely upon, the higher your odds that something bad will happen!

3. Get Help

As a Business Management Consultant who works with start-ups and helps them become successful, it may sound self-serving to suggest that you need professional help. So at the risk of sounding self-serving, please recognize that getting help when you're starting a business can't be overstated. I personally believe its mission critical.

If you're like most start-up owners, you'll need a lot of help, including help from family and friends. That support can take many forms both monetarily and in other terms (*i.e. business acumen; legal acumen; accounting or bookkeeping acumen; emotional support; creativity and ideas; or just watching the kids while you run to UPS to drop off a delivery for a customer.*)

It's essential you have the support you need to be successful. Often, the smarter start-up business owners seek out professional advice and support as well. This advice and support can take many forms as well, including businesses like Legal Zoom, your lawyer, accountant and/or business management consultant. While this support is usually not free, it is critical to help reducing the odds your business will fail. Getting such advice will help manage expectations and avoid unrealistic assessments. Such advice also helps focus and augment your planning while also ensuring your execution of the plan has a higher probability of success.

When seeking out help, your best option is often a local business management consulting firm, like THB Consulting Services. Firms like THB Consulting Services are established to accommodate the smaller business owners and start-ups in their communities. My firm offers both legal and business solutions. As such, firms like THB Consulting Services tend to offer clients more customized, flexible and cost-effective solutions.

Firms like THB Consulting Services offer small business owners a true "one stop experience." This enables them to get both the legal and business support services needed to help successfully launch a start-up and keep it running long after lesser competitors have fallen away and gone out of business.

Fees for firms like THB Consulting Services are typically much less than national business consulting firms. And, the services are often more personalize thereby giving the small business owner a better level of understanding and support relative to his/her new business needs.

In an article titled ***The 3 Essential M's for Small Business***, the author, Ms. Erica Peters, writes about the 3 "M"s for small business owners. The second "M" is management consulting. Ms. Peter's discussion about management consulting helps illustrate the point. (Please see <https://exploreb2b.com/articles/the-3-essential-ms-for-small-businesses>).

The American Planning Associates (APA) also offers a multitude of reasons why it makes good sense to hire a management consultant. The APA goes on to explain how a management consultant can help your business be successful such as, supplementing staff time; supplementing expertise; obtaining objectivity; receiving credibility; obtaining special skills; and/or dealing with legal requirements and much more.

In the end, we all enjoy successes in life thanks to the love and support of others. Running a small business is no different. To start a successful business, you need the right help and support. So when thinking about starting a business, it's never too early to begin thinking about where that help will come from and how you'll get what you need to be successful.

4. If Money is Gas then Driving Execution is the Gas Pedal

Running out of money is, beyond any doubt, the number one reason for start-up business failures. Put another way, starting a business "undercapitalized" is a formula for disaster. Of course, if you did your research (see *Number 1 above*) you'd already know that, so let's talk about driving execution instead.

You may have all the money in the world, but without driving execution your business will fail. Driving execution ensures your business is doing what needs to be done, when it needs to be done. Without it, you're destined to eventually be putting up the "Out of Business" sign.

Starting a business takes an enormous amount of energy, time and commitment. While it's true that "*if you love what you're doing it's not really work*," it's extremely rare that business owners love every aspect of running their companies. As such, they tend to ignore the parts they find less appealing and/or more intimidating. While the ostrich approach to doing business may feel comfortable in the short-run, it's hardly the way to be successful in the long-term.

In order to start and sustain a viable, successful business you need to have a strong business plan, and then be able to implement it with the energy, zeal and enthusiasm your dream deserves. If you recognize that you are incompetent and/or unmotivated to execute on some, or all of your business plan's prongs – see number 3 above (GET HELP)!

If your business isn't constantly being driven to succeed, chances are it will be unable to compete with more aggressive and robust competitors who'd love to grab your customers and put you out of business. If you're not ready for long hours, hard work, personal sacrifice and a lack of money, than starting a small business is probably not for you.

By analogy, the driving execution by which you manage your business is like the gas pedal on a car. The more you find yourself pressing down on the pedal, and getting things done, the faster you start seeing your business respond and grow. As businesses grow, increased expenses typically follow thereby requiring more money. So, when you step on the pedal make sure the tank has enough gas to get you to where you are going. Too often, small business owners get their businesses going well and then run out of money due to poor planning and unrealistic expectations. This is common with new product small business purveyors who usually have enough money for the initial round of product orders, but then grossly underestimate what a second round of filling orders will cost. When the company can't fill its orders, it goes out of business quickly.

5. Don't take short-cuts; DO IT RIGHT!

For most small business owners, time is often at a premium. It's not easy being chief cook and bottle washer too! As such, the temptation to take short-cuts is often overwhelming. Don't give into the feeling! Short-cuts can many times have unintended consequences, particularly for the uninitiated start-up business owner.

What's more, unless you are fairly confident that (*based on a real understanding of the task at hand – not assumptions*) the short-cut will achieve your business goal and not result in unforeseen after-effects, you're just rolling the dice on a table where the odds are already stacked against you.

Don't risk losing your business because you got lazy or because you assumed doing something short of the right thing would be okay, just this one time. Human beings tend to believe bad things happen to others, not them. It's this way of thinking, coupled with the pressures of time and money, which may cause you to feel the risk of taking that short-cut is worth losing your business – it's not!

Finally, I'm reminded of the old adage, "*if it's worth doing, it's worth doing right.*" Truer words have not been spoken.

In conclusion, if you're thinking about starting-up your own business avoid the mistakes of others who have come before you. Don't be led astray by unrealistic expectations, poor planning and incompetent execution. These are all avoidable if you just include the above five (5) items to your start-up checklist and follow them.