

# ARE YOU READY TO START YOUR OWN BUSINESS?

One of the first steps that you should take before deciding to go into business is to determine why you, the prospective business owner, want to go into business. Have you realistically calculated the rewards and challenges of owning a business? Do you have the essential characteristics to be a successful business owner? Are you ready to handle the common types of problems faced by small businesses? Are you prepared to make the commitment and take the risks? Are you sure that this is what you really want? These are important questions that you need to ask yourself.

## Rewards and Challenges of Owning a Business

### Rewards

- Being your own boss.
- Direct involvement in all business decisions.
- Close contact with people (customers, employees, etc.).
- Potential for higher income.
- Independence and personal satisfaction.
- Accumulating personal equity and wealth.
- Creative opportunity.

### Challenges

- Vulnerability to economic changes.
- Long business hours, possibly few vacations.
- Necessity to be competent in most areas of business.
- Greater financial risk.
- Responsibility for employees, creditors, customers, etc.
- Having to meet obligations when inconvenient.
- Frustrations from customers, suppliers, government, etc.

## Profile of a Successful Business Owner

Successful business owners are known to have certain general attributes and characteristics that distinguish them from other people. These characteristics do not guarantee success in business, but acquiring them can increase the probability of success. You may not have all the experience necessary for starting a business, but you have to be willing to learn. Concentrating on and developing the characteristics and actions of successful business people can improve the odds of success in your new business.

Below are several major questions concerning characteristics and attributes of a business owner. Take time to answer these questions honestly. If the majority of answers are "yes," then you probably have what it takes to start and run your own business. If your answers are "sometimes" or "no," it is suggested that you choose partners or possibly employees in

your business that are strong on your weak points. Having a business team with strengths and characteristics that complement yours can be a deciding factor in the success of your business.

### **Drive and Perseverance**

Do you have the drive, persistence, and ambition to achieve and grow? Are you completely committed and determined to attain your goals? Do you strive to achieve excellence? Do you seek and take initiative? Are you a leader? Do you have a high level of self-confidence? Are you a hard worker? Do you have a need for status and power? Do you have good health and an enormous amount of energy?

### **Responsibility and Risk**

Are you willing to accept complete responsibility for yourself and your business? Do you take charge of things and see them through? Are you willing to assume risk (financial, career, family)?

### **Human Relations and Management Skills**

Do you get along well with others? Do you level with people and say what you mean? Are you trustworthy and reliable? Do you have patience? Do you have the ability to organize well? Can you make quick, confident decisions that are still well thought out? Do you have a tolerance for ambiguity, stress, and uncertainty? Are you aware of your strengths and weaknesses, as well as your partners'? Do you have good communication skills? Do you carefully read and understand important papers and documents before signing them? Do you seek and use feedback from your past actions?

### **Mental Ability and Technical Knowledge**

Do you have a "nose" for business? Are you creative and innovative? Do you have analytical skills? Do you have a "head" for numbers? Do you know or are you willing to learn the technical aspects of your business?

Successful business owners are not gamblers. They view challenges as opportunities rather than risks. They can recognize an opportunity and know how to take advantage of it.

Successful business owners are fanatics about fundamentals. They pay dogged attention to their firm's finances, operations and the external forces that affect them. They have the ability to think like their customers and disdain bureaucracy. One of the predominant traits of a successful business owner is perseverance to the point of obsession. They demonstrate extraordinary motivation, tenacity, and will to succeed.

Business owners that win have vision, boundless energy, intellectual creativity and patience. They have confidence in themselves, their business, their employees and the community.

## **Common Problems Faced by Small Business**

- Owner's inexperience in business management
- Too much debt— business is too highly leveraged
- Not enough of your own money to survive the start-up phase
- Weak competitive strength
- Lack of proper inventory controls
- Lack of proper credit or collection control
- Low sales volume
- Poor business location
- Owner's lack of bookkeeping knowledge
- Employee and labor problems