What I wish I knew before I Started My Business

The life of a business owner can be a real roller coaster. As a SCORE mentor we hear all about these highs and lows from those with whom we work and most of us have lived them ourselves. Reflecting on these challenges with a few business owners with whom I was meeting last week, I asked them this pointed question: What do you wish you had known before you started your business? Their answers will help me become a better business counselor and I trust they will also give some insights to the readers. I will share a few.

Spend time on determining who is going to be willing to buy your service or product(s) before you spend time on a formal business plan. If you can’t come up with this information, maybe you should look at doing something else. This is where your income will come from. Be honest and realistic with yourself in this assessment. Is this a totally new product or service? If not, how will you be different from others that already are providing it? If it is new, how do you know that anyone will want it

Having said that, don’t underestimate a business plan. If you’re not seeking outside funding at the start, it’s tempting to forgo writing out a formal business plan. However, taking the time to write out your business plan, including forecasts and marketing strategy is a particularly effective way to hone your vision. All planning should center around two essential questions: How is my business serving a particular need, and does this represent a major market opportunity?

Another important part of planning is don’t overlook the exit strategy at the beginning. Do you want your children to take over the company? Do you want to sell it? It’s critical to think about these questions from the start, as the building blocks of your company. For example, the legal structure of your business should allow for a smooth transition for the preferred final outcome.

Review and update your business plan regularly. It is not a document to bind in leather and put on the shelf. The marketplace and your business plan are living entities; they’re continually in flux. Whether it’s your first year or fifth in a given market, you’ve got to keep asking: What do we need to do next month, next year?

I almost forgot this one, but my resource group reminded me…don’t hire friends. I heard many examples of well-meaning business owners who tried to help out a friend. While generally consider a positive trait, it can create some difficult situations when running a business. For example, being reluctant to let employees go even though the owner knew it was not a good fit. All agreed that faith in people is a good thing. However, blind faith can bring trouble.

Be careful not to fall into a discount trap. At the beginning, too many young companies feel the pressure to heavily discount their prices in order to win business. While customer acquisition is important, attracting customers at unsustainable price levels will just result in a race to the bottom. And remember that raising your prices on goods and certain services can be a tricky proposition.

Lastly, I was glad to hear this suggestion…don’t be afraid to ask for help, SCORE is a great resource.

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