

Start Your Own Business



Entrepreneurship



What kind of business are you starting?

- High street shop vs chain
- Craft vs industrial
- Industrial clients vs retail customers
- Primary or Manufacturing vs Service
- Home vs professional



Why are you starting a business?

- gaining experience
- career development , resume development
- to succeed in your own business
- to work for yourself
- money
- personal development, develop character, gain self-confidence
- something to do
- learn responsibility
- ...



What is an entrepreneur?

- An entrepreneur is a person who organizes and manages a business undertaking, assuming the risk for the sake of the profit.
 - Someone who perceives an opportunity and creates an organization to pursue it or simply someone who is looking to build a company.
 - An entrepreneur is not necessarily someone that is self-employed (works for themselves). As more and more people become self-employed we need to understand what makes people entrepreneurs.
- An entrepreneur thinks and sees things differently than most people:
 - when you look at a situation you see opportunities for improvement
 - you are aware of all the many things that are involved in business
 - you want to make a difference. You are not satisfied with the status quo
 - you have to be very committed to what you are doing - eat and sleep it. What you do is a big part of your life it is not just a job.
 - **It is not work but rather what you love to do.**

What does it take to be a successful entrepreneur?



- Self-starter
- People person
- Responsibility
- Leadership
- Organiser
- Worker
- Decision maker
- Trust-worthy
- Stamina
- Record keeping



Being a successful entrepreneur.

- Preparation makes the difference.
 - Understand what you're getting in to.
 - Clarify the risks.
 - Make mistakes on paper, before you commit cash and capital.
- Skills required
 - Energy, self-discipline
 - Passion, commitment
 - Care
- Helpful skills
 - Business skills – sales, operations, finance ...
 - People skills – communicating, motivating,
 - Flexibility



So, have you got what it takes ...

- **Personal characteristics**
 - Why are you doing it – to escape or to make a difference?
 - Are you motivated by money?
 - Can you deal with stress? Are you confident?
 - Is your family behind you?
 - Are you healthy?
 - **Functional skills**
 - How do you contribute to the value chain?
 - What are your strengths and weaknesses – can the weaknesses be resolved?
 - What kind of manager are you?
 - **Are you prepared?**
 - Have you done your home work?
 - Have you written a plan that convinces you?
 - Are you ready to run?
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Self-assessment

- What personal motivation do you bring to the business?
- What skills do you bring to the business?
- What experience do you bring to the business?
- What training/education do you bring to the business?
- Are you fit?
- Is your family prepared?



Self assessment – you and your time

- What personal characteristics do you bring to the business?
 - Health Good/OK/Bad
 - Endurance Good/OK/Bad
 - Flexibility Good/OK/Bad
 - Creativity Good/OK/Bad
 - Honesty Good/OK/Bad
 - Confidence Good/OK/Bad
 - Ability to handle stress Good/OK/Bad
 - Other (list)
- What time commitments do you bring to the business?
 - Social activities _____ hrs/week
 - Family _____ hrs/week
 - Hobbies _____ hrs/week
 - Other (list)
- Total time commitment outside the business _____ hrs/week
- How much could you reduce these to make time for the business? _____ hrs/week

Source: Starting Your Own Business 2nd Ed, DETE, Brian O'Kane, Ron Immink



Self assessment – resources and money

- What supports do you bring to the business?
 - Network of useful contacts?
Quantify/list
 - Support of your partner/spouse?
Qualify.
 - Support of your family and friends? In what way.
 - Finance – equity, debt, leverage?
Quantify
 - Other (list)
- What financial commitments must the business service?
 - Household expenses € _____/week
 - Loan repayments € _____/week
 - Savings/pension € _____/week
 - Hobbies/holidays € _____/week
 - Other (list)
- Total financial commitments
€ _____/week
- How much could you reduce these to develop the business?
€ _____/week

Source: Starting Your Own Business 2nd Ed, DETE, Brian O'Kane, Ron Immink

Stress test?



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- What compromises will you face ...?

Stress test!



- The kids need new shoes. The business needs a new piece of machinery that costs €100. There is only €100 in the bank. Which comes first?
- A big order comes in (Congratulations!). For the next two weeks, you need to work at least 14 hours every day (including weekends) in order to meet the order. It is also your turn to look after the kids. What are you going to do?
- You promised your spouse/partner a night out. That night a client insists on meeting you. Which comes first?
- You have booked a holiday and the whole family is really looking forward to it. Suddenly, the person who was supposed to look after the business while you are away cancels. You cannot find another replacement on such short notice. What happens?

Source: Starting Your Own Business 2nd Ed, DETE, Brian O'Kane, Ron Immink



Stress test!

- A deadline needs to be met. You get ill. Who will take over the running of the business while you are out sick?
- The business is not going as well as expected. Your business needs an extra loan to survive. Your partner/spouse wants you to quit. What happens?
- Your business has a cash flow problem. As a result, you have not been able to take out a salary for the past two months and some of your household bills (telephone, gas, electricity) are running behind. How long will that be acceptable to your partner/spouse?
- What is your fallback? What is your downside?

Source: Starting Your Own Business 2nd Ed, DETE, Brian O'Kane, Ron Immink

Your idea.



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- How do you know it's a good one?

Ideas are 2-a-penny.



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- What's the business idea?
 - Describe it formally. Primary production/manufacturing/service ...
 - Is it distinctive? Is that a risk or an opportunity?
 - Is there a demand for it? At what price?
 - Test it
 - Change your routine to get another perspective.
 - Judge it. Challenge your assumptions. Be a devil's advocate. What's wrong with it?
 - Discuss it with friends. Parallel analysis pros, cons, creativity, information ...
 - Can you persuade a partner to join you?
 - Will you be able to borrow to get it going?
 - Sensitivity to change.
 - Scenarios



Parallel thinking helps brainstorm.

- White is neutral - ignore arguments and proposals, examine the facts, figures and information, and identify what information we don't have, and how we might get it.
- Red is for feelings - hunches and intuition, put forward feelings without the need for apology, explanation or attempt to justify them. Intuition can be valuable.
- Black is the logical negative - caution & critical judgement. Mistakes may be disastrous but it is easy to kill creative ideas with negativity.
- Yellow is for optimism and the logical positive view of things - feasibility and how something can be done, benefits.
- Green is for creative thinking - new ideas and additional alternatives Engage in lateral thinking and other creative techniques.
- Blue is the thinking overview or process control - suggest the next step for thinking; summaries, conclusions and decisions.

Adapted from Six Hats thinking by Edward De Bono

Getting ready.



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- How can you prepare for start-up?



Be prepared.

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- Talk to family and friends. (Beware of “yes men”.)
 - Read biographies and self help books.
 - Pretend. Play a game. Hypothesise.
 - Training
 - Starting up a business
 - Specific skills useful for a start-up
 - Specific skills useful for running the business.
 - Budget and time available for these? Accreditation required? Need?
 - Retain a mentor/coach
 - Dry run. Immersion.
 - Take a holiday? It may be your last.
 - Alternatives. Downside.



What's next - Market and operations research

- **Market research**
 - Your customer keeps your business alive. Know your customer.
 - Evaluate viability of selling.
 - How should product/service be changed to serve the market?
 - Size/segmentation.
 - Competition.
 - Counting. Desktop research.
- **Operations research**
 - Scale
 - Cost
 - People
 - Alternatives
 - Outsourcing



What's next - Financial planning.

- Assumptions
- Income statement
- Balance sheet
- Cash flow
- Sensitivity
- Scenarios



What's next - Administration and legal

- Company legal status.
- Establishment
- Banking
- Bookkeeping
- Liability
- Insurance
- People

Executive Summary



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- **Business.** Provide a business description and clearly define what your business will be doing. (This is really explaining what your business is attempting to do).
 - **Management team.** List the founders and executive team, and provide their backgrounds and relevant experience. Also provide your immediate and long-term staffing needs. (Have some fun with this. What experience (cleaning room, etc.) do you have and what experience do people helping you have).
 - **Product.** Explain your product, including customer needs and applications. (What is your product, do customers need or want your product and how will your customers use and enjoy your product).
 - **Barriers to Entry.** How difficult is it to get your business started and for others to do the same thing as you are doing. Can you protect yourself from other people copying your name, signs, advertising etc. Can people do the same thing in the same area. (This is a difficult area to consider. In the lemonade stand business you may be able to get exclusive territorial rights for an area - your front lawn).

Source: TeachingKidsBusiness.com



Executive Summary

- **Value Proposition.** Explain how your business is different from others. What is so great about what you are doing. If people don't see value in it, if it doesn't help them they will not buy your product.
- **Market Opportunity.** Describe the market opportunity, including the size, history, characteristics, and dynamics of the market, showing how you fit in the market. (How much do you think you can sell, to who and where).
- **Competition.** Describe your competitors, their relative strengths and weaknesses.
- **Strategy/Business Model.** Describe your marketing strategy and the proposed business model, including a discussion on sales and distribution channels. Provide details on what market validation (research) you have conducted, and your current status with any customers. (How are you going to run your business, tell people about your product and business and why you have made these decisions).
- **Financing.** State the amount of the investment you are looking to raise and your funding history. List your future milestones and the amount of capital required to reach these milestones. (How much money do you need, when will you need it and how well will your business do with the money you are given).

Source: TeachingKidsBusiness.com



Resources

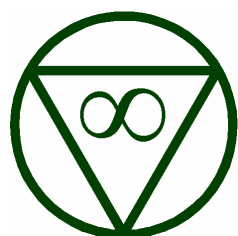
- www.carlow-ceb.com
- www.wbe.com/entretest.htm
- www.startingabusinessinireland.com
- www.entrepreneur.com
- yahoo.com, google.com, about.com, wikipedia.org
- banks, accountants,
- www.griequity.com/resources/entrepreneur.html
- ...

Have fun!



"I feel a bad attitude coming on. May I take the rest of the day off?"





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