

10 start-up decisions you'll never regret

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The 2014 Global Entrepreneurship Monitor (GEM) survey reported a startlingly low entrepreneurial activity in the face of high unemployment rate



According to the [GEM report](#), our entrepreneurial activity dropped by an astounding 34% (from just over 10% to 7%), and 40% of our adult population is unemployed. The report, which paints a bleak picture for our developing country further indicates that SA has a high start-up failure rate when it comes to emerging economies like Brazil and India to name a few.

Here's my top 10 points to consider when you start (or grow) your business:

1. Save for capital

The common hurdle for most budding entrepreneurs is securing capital from financial institutes and investors, as stated by Mthandeni Mncube, a forex trader and CEO of Mzansidailyfx. He says, "I started my organisation in 2014 with \$1500 (over R23,000) savings, using a strict budgeting method. I made a vow to never write a business plan because I didn't want to approach a bank for a loan. I've learned that one tends to do things differently when one's own money is at stake." To date, Mncube has secured over 60 clients.

Action plan: Track your spending, eliminate unnecessary expenditure and build start-up capital. Start small, and work your way up.

2. Focus on your customers (and forget your competitors)

The adage for customer service can be best described by the classic children's fable of the goose that laid the golden egg. If you don't take care of the goose (your customers), you will have limited golden eggs (revenue). It's that simple. Tip: Adhere to customer complains online as well. We live in an era where a 140-character tweet can trend and destroy a brands reputation. Mediocrity and one-size-fits-all solutions won't cut it in the business world!

3. Cash (flow) is king

A healthy cash flow statement and a driven sales department are the life of any organisation. Your financial books can change from a positive to a negative balance, and your debt commitments, which were reasonable when you started, can rapidly become your worst nightmare. Rather offer below 15% of your stock on credit (which is payable after 30 days), and ensure you have enough emergency cash at your disposal should your well runs dry.

Tip: Debt should be used to generation more income (buying products on credit), and never to fund your lavish lifestyle. Outsource an authorised bookkeeper to handle your books.

4. Re-define the rules

Innovation has become the buzz word in entrepreneurship. But what does it really mean to be innovative? In *The Art of War*, the author's analogy extends past the battle field. Sun Tzu is big on winning small, easy battles before conquering the war by strategizing and creating a game plan where the odds are stacked in your favour. This will include (but not limited to) having a clear vision, prioritising important tasks and learning to say no, or delegating unimportant or low-priority tasks.

5. Invest in an amazing PR manager

Bill Gates once said, "If I had one dollar left, I'd spend it on PR." Bold statement, but most small business owners find it difficult to justify hiring a PR firm. The costs are usually high, there's no guarantee that the campaign will work, and it's hard to measure success. On the flip side, a tailored campaign can expand your reach in ways you never could on your own.

Clive Moagi, a PR consultant says, "Consider your budget, business requirements and the PR's past track record when it comes to delivering exceptional results."

6. Partnership

Joining forces with someone who brings different attributes to your business can be seen as acquiring an asset for the business. Tokologo Phetla, co-owner at Student Investor says it's vital to not just seek a corporate partner that's in pursuit of monetary rewards, but one that's invested in your overall vision as well.

Action plan: Find someone that's aware of her unlimited potential, and the flair to translate that into cash! If possible, also partner with a big, well-established company.

7. Needs vs. wants

Get to a point where you've got a good understanding of your core business, the overall strategy, mission and the end goal. You shouldn't get that brand new car just because you are making a good profit. Establish the difference between getting a new BMW on credit (want), and buying good, used Toyota Corolla cash (need). This applies to office equipment as well.

Action plan: Most business owners don't have retirement plans in place. Create an investment plan that will sustain you in your golden years. Decide (within reason) your basic monthly salary, medical aid and other benefits.

8. Don't follow trends

There was a time when every second person I interviewed was either starting an event management, PR or catering company. And the reason? "I want to party for a living and earn big bucks" was usually the response. Just because all your peers are flocking towards an industry, doesn't mean you should also follow suit.

Action plan: Is there a particular need that you can fulfil with ease? Focus all your resource on that. Success is not about how much money you make, but about how happy you are while making money. It's funny how you're bound to make more money if you are working on something you love.

9. Insurance

As with PR costs, insurance is usually the last thing small business owners worry about. But what will happen when your brickmaking machine disappears in the still of the night, and you must deliver 1000 brick at the end of the week? The production of any business shouldn't be stopped due to theft or damage. Paying customers expect delivery, and not excuses.

Tip: Shop around for a comprehensive insurance cover. Use services like Hippo.com

10. Diversity and trend analysis

Don't invest all your time, money and energy on one business model, product or service. Once you've mastered your core business (and are doing well), mitigate your risks by introducing new products and services. Business is an art form, and doesn't require a knee-jerk reaction. Study the market and get to a point where you'll be able to predict the future. Don't be like BlackBerry, which used to be a market leader a few years ago, and is now trailing behind Apple and Samsung. Follow consumer trends, and plan for the future.

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