

CHAPTER 1 GETTING STARTED

The first decade of my working life was spent learning about business. The second decade was spent using what I had learnt. Now as I enter my third decade in the work force, I find myself with a series of profitable business interests which have a growth rate above the inflation rate and a structure which affords me a degree of flexibility I would never have had working for someone else.

For me, success in business is due to following some simple guidelines, and balancing the attention I give to each one. It is all too easy to concentrate on one “rule” and ignore the others. No matter how important that rule is, sooner or later your business will come unstuck because of some other “rule” or guideline you have been neglecting.

I believe a business has a greatly increased chance of success if the following is done:

1) DON'T RUSH IT

Businesses which try to do too much too soon have a far greater chance of eventual failure (even if initially they are successful). It is wise to go through thorough business planning before starting up, and to have a long-term plan (10 to 20 years) which you can slowly work towards. In my case, I was setting up a correspondence school. I saw the first step was to establish a reputable name and I considered that to do so might take many years. Hence, for the first 5 years I was not impatient about making money - I made sure that I had other sources of income apart from my school. It was more important at this stage to gain acceptance and recognition

amongst potential “customers”, than to make a profit. This sort of plan will generally require you to put in quite a few extra hours of work, juggling the needs of raising a living and trying to develop your new business. However, in the long term, if your business becomes a success, you should have greater opportunity for personal time (i.e. rest, relaxation, hobbies, family commitments, vacations).

2) OFFER A PRODUCT OR SERVICE WHICH IS RELATIVELY UNIQUE

Your chances of success will increase greatly if you can supply something people want, but can't easily get elsewhere. A lot can be gained by taking time to study the way people live, the things they do in their day-to-day lives and the problems they encounter.

Many businesses have been based on the observation that in modern society, where both husband and wife work, it is a problem for the family to find time to get the mundane day-to-day chores done. Consider the rapid increase in recent years of such things as child-minding services, nannies, lawn-mowing businesses, and fast-food chains. All provide ways to get essential things

Suggested Tasks: ▼

Throughout this course you will be provided with suggested tasks and reading to aid with your understanding. These will appear in the right hand column.

Remember: these tasks are optional. The more you complete, the more you will learn, but in order to complete the course in 20 hours you will need to manage your time well. We suggest you spend about 10 minutes on each task you attempt, and no more than 20 minutes.

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Suggested Tasks

Watch the Essential Ingredients for Business Success video on ACS' Vimeo site at <https://vimeo.com/330920182>

You can find this and other videos we have produced by searching for “ACS Distance Education Vimeo Channel”

done more easily for people who have the money, but don't have the time. You do not necessarily have to provide a service or goods that are not generally readily available.

You might, for example, live in a rural area where goods and services that are readily available in larger cities are scarce or not available. You might be able to create a valuable business providing one or more of these items.

Research plays a very important part in choosing what goods or services to supply. This might involve looking in newspapers and magazines to see what sorts of goods and services are, or are not, being provided in your area - and seeing what is successful in other areas but hasn't been tried in your area. Get to know your market. Market research does not need to be formal. It can be based on observations of what is occurring, what people want, and aligning your strengths to that area of the market not being served.

Taking heed of your own observations or needs can be an excellent way of finding a niche area that could be filled. For example, a lady in Melbourne was concerned about sunburn on her bare arm when driving. She obtained some material with a high sun protection factor, and after experimenting with a few designs, created a simple pull on sleeve to go over the bare right arm of a car driver. Other people expressed interest in her designs, and she began to make and sell them, mainly to friends and acquaintances. Word of mouth from these customers created more sales. She began to advertise a little, and approached selected shops that she thought might be interested in selling her product. She began to produce

larger amounts in different sizes and a wide variety of colours. Several chain stores expressed interest or began to sell her products. She began to export her product. All of this happened in less than five years. She began small, and used her profits to finance her expansion, resulting in low financial risk to her. This is just one example, many others exist.

Another area to consider is to do a job better than what is already on offer. One successful small business started when the receptionist at a doctor's office overheard two of the doctor's patients complaining about their hired house cleaners. Both were saying they were very dissatisfied and the receptionist said, "Hire me. I'll do a better job." One of the two patients did hire her, and, true to her word, the receptionist did a better job. The ex-receptionist now has a team of housekeepers. Her success has always been in delivering top value for money.

3) USE THE SKILLS & EXPERTISE YOU HAVE OR OBTAIN NEW SKILLS

If you have some existing skills or expertise and can work out a unique service or product you can supply you are off to a good start. You will often feel more comfortable, at least initially, supplying goods and services you are familiar with, or are a logical extension of your existing skills and talents. In many cases, skills and knowledge gained in one industry might readily be transferred to another (e.g. sales and marketing, bookkeeping).

If you aim to go into business in a new area then educate yourself in that area before anything else. This might be:

through formal study (perhaps while still working in another career), through informal study (e.g. buying books and trade magazines and reading them at home), or by working for someone else in a similar business (perhaps fulltime, or part-time on weekends, or at night) to gain experience before branching out on your own.

The important thing is to determine the skills and knowledge that you will need and make sure you obtain them. This also requires some prior research.

Your business knowledge will also play a huge part in your success or failure. Many people who are true experts in their field have failed because of their lack of business knowhow. You must be able to accurately cost a job and provide value for money. One landscape company foreman felt cheated because he was the person who saw that the job was completed and managed well, yet the profits went to the company owner. He believed that the “business” side would be easy, so went to work for himself. What he didn’t realise is, that while he was an excellent project manager, he was not very good at costing jobs and dealing with customers. Fortunately for him, he was able to return to his previous job.

4) GET YOUR ADVERTISING RIGHT

Experimentation: this is the key. Do not spend a lot of money until you have properly worked out what does and does not work for you. Try small advertisements in a range of publications, perhaps classifieds at first. Try different types of advertisements. I have advertised in over 200 different publications, of which only

around 20% have been worthwhile. Try press releases. Send them to magazines, newspapers and radio stations. Approach the owners of websites in your chosen field to see if they are willing to place your advertisement on their website/s. Record where your responses come from and where your firm business comes from (e.g. one publication might give 30 responses and none of them do business, while another might only give 5 responses but 2 of these do business with you).

Talk to others in the industry. Find out what advertising has and has not been successful for them. Join an industry group to make contacts. Many business people will share their information, allowing you to learn from the mistakes of others.

5) GET YOUR PRICES RIGHT

Too many businesses go broke because they charge too little. Henry Ford may have become a billionaire by selling a large quantity of cars at very cheap prices, but more often than not, people are just as happy to pay a higher price if you give them quality and good service. Remember, small business is just that - small. If you are going to succeed with the ‘low price, high turnover’ formula, you need to be operating on a large scale, usually with a high level of investment.

6) GET YOUR COSTS RIGHT

All too often, small businesses pay more than what they need to for materials and equipment. If you take your time before starting up to thoroughly check out

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Suggested Tasks

Take some time to think about how you plan to start your business. Will you work part-time whilst carrying on with another job? Will you give up work and focus on the business? How you plan to start your business will affect how much time you have available.

Jot down your brief answers to these questions. Keep your notes to review and reflect upon later in the course.

suppliers, and learn to negotiate about prices, you can establish much lower costs for your business before you begin. Remember every dollar extra you pay in costs is a dollar less in your pocket.

7) BE PREPARED TO PUT IN MORE THAN YOU GET BACK (INITIALLY)

Usually the first few years of any small business will require long hours, perhaps a 6 or 7 day week - and all this for perhaps a lesser return than you would get working a normal 9 to 5 job. If you have money or other resources set aside, or supplementary income (e.g. your partner/spouse has a fulltime job) as a backup to cover you through this lean period, you will have a much greater chance of success.

It is important that you and your family consider the many sacrifices that come with starting up a small business, including - less money to spend on entertainment, no time for travel or holidays, longer working hours, etc. If you do not have the full support and understanding of the family, then making the business work becomes doubly difficult.

8) GIVE THE HIGHEST PRIORITY TO THE CUSTOMER

A happy customer is the best asset a new business can have. You will then get more follow-up business from existing customers, and they will be your best source of advertising, simply by 'word-of-mouth'. There is truth in the saying "One happy customer will tell one

other person. One unhappy customer will tell ten others."

9) MONITOR YOUR COMPETITION

Subscribe to any magazines or newspapers which report on the industry you are operating in. Likewise, create online accounts with associated websites where applicable and subscribe to weekly/monthly email newsletters. Monitor advertisements in that industry. Keep a close eye on any other business offering similar services or products, and watch out for any new businesses which might offer competition. Join industry associations or mentor groups, to keep abreast of what is going on.

10) DIVERSIFY AS SOON AS POSSIBLE - BUT NOT TOO MUCH

You should not try to provide too many different types of goods or services to begin with, but once your business begins to establish look for other services or products which might complement what you are already doing. 'Demand' changes - that is a fact of life. If you do one thing only, you will find there will be times your business will boom and other times it will be slow. If you do several things, there is a good chance that when one thing slows, the others will still perform well.

Keep in mind, though, that you cannot be all things to all people. If you diversify, try to add either a business or service that complements your core business, but does not detract from it. For instance, the addition of a restaurant