

CHAPTER 1



In the Beginning

If one advances in the direction of his dreams, one will meet with success unexpected in common hours.

—HENRY DAVID THOREAU

It is a huge step. Deciding to go into business for yourself is one of the most important decisions you will make in your life. Ranking right up there with picking a partner and buying a home, becoming an entrepreneur is one of those life-altering events that will have repercussions for years to come. No, there are no guarantees, and yes, there will be obstacles. But do you know what? If you do it right, if you start the right small business—one suited to your strengths, one that you are passionate about, one that allows you to make a nice profit—then here is no telling how far it can take you. John Nordstrom, founder of the department store with the eponymous name, said of his roots, “I was not certain what I wanted to do. I started looking around for some small business to get into. Mr. Wallin the shoemaker suggested that we join a partnership and open a shoe store.”

ASSESSING YOUR STRENGTHS

Not everyone is cut out to be an entrepreneur. While the common perception of entrepreneurship is that it is exciting, and indeed it is, many

other words equally describe the life of the self-made small businessperson: nerve-wracking, liberating, difficult, challenging, time-consuming, overwhelming, fun, joyous, productive, and uncertain—and that's just for starters. Any small businessperson could expand at length about any one of these adjectives, for all come into play to some degree or another in almost every small business, and often in the same day.

So the question is not whether entrepreneurship is right for you, but rather, are you right for entrepreneurship? Can you handle the stress, the freedom, the lack of structure, the uncertainty, and the opportunity that await if you decide to start your own business? This really can't be emphasized enough. While there is no doubt that being in business for yourself can be great, if you are not temperamentally cut out for it, it will be a tough road. There is no shame in this. Some people are artists and others are lawyers, some are vagabonds and others are homebodies, some are entrepreneurs and some are not.

So which are you? Taking the following quiz will help you evaluate your qualifications. The important thing though, as you take the quiz, is to be perfectly honest. There is no point in answering the questions right if they are not true for you.

Test Your Entrepreneurship IQ

1. Are you a self-starter?

- a. Yes, I like to think up ideas and implement them. (5 points)
- b. If someone helps me get started, I will definitely follow through. (3 points)
- c. Frankly, I would rather follow than lead. (1 point)

2. How do you feel about taking risks?

- a. I really like the feeling of being on the edge a bit. (5 points)
- b. Calculated risks are acceptable at times. (3 points)
- c. I like the tried and true. (1 point)

3. Are you a leader?

- a. Yes. (5 points)
- b. Yes, when necessary. (3 points)
- c. No, not really. (1 point)

- 4. Can you and your family live without a regular paycheck?**
- Yes, if that is what it takes. (5 points)
 - I would rather not, but understand that may be part of the process. (3 points)
 - I do not like that idea at all. (1 point)
- 5. Could you fire someone who really needed the job your business provided?**
- Yes. I may not like it, but that is the way it goes sometimes. (5 points)
 - I hope so. (3 points)
 - I really can't see myself doing that. (1 point)
- 6. Are you willing to work 60 hours a week, or more?**
- Again, if that is what it takes, yes. (5 points)
 - Maybe in the beginning. (3 points)
 - I think many other things are more important than work. (1 point)
- 7. Are you self-confident?**
- You bet! (5 points)
 - Most of the time. (3 points)
 - Unfortunately, that is not one of my strong suits. (1 point)
- 8. Can you live with uncertainty?**
- Yes. (5 points)
 - If I have to, but I don't like it. (3 points)
 - No, I like knowing what to expect. (1 point)
- 9. Can you stick with it once you have put your mind to something?**
- I usually will not let anything get in the way. (5 points)
 - Most of the time, if I like what I am doing. (3 points)
 - Not always. (1 point)
- 10. Are you creative?**
- Yes, I do get a lot of good ideas. (5 points)
 - I can be. (3 points)
 - No, not really. (1 point)

11. Are you competitive?

- a. To a fault sometimes. (5 points)
- b. Sure, mostly. (3 points)
- c. Not really, my nature is more laid-back. (1 point)

12. Do you have a lot of willpower and self-discipline?

- a. Yes. (5 points)
- b. I am self-disciplined when I need to be. (3 points)
- c. Not really. (1 point)

13. Are you individualistic or would you rather go along with the status quo?

- a. I like to think things through myself and do things my way. (5 points)
- b. I am sometimes an original. (3 points)
- c. I think strongly individualistic people are a bit strange. (1 point)

14. Can you live without structure?

- a. Yes. (5 points)
- b. Actually, the idea of living without a regular job makes me nervous. (3 points)
- c. No, I like routine and structure in my life. (1 point)

15. Do you have many business skills?

- a. Yes, I do, and those I don't have, I'll learn. (5 points)
- b. I have some. (3 points)
- c. No, not really. (1 point)

16. Are you flexible and willing to change course when things are not going your way?

- a. Yes. (5 points)
- b. I like to think so, but others may disagree. (3 points)
- c. No, I have a fairly rigid personality. (1 point)

- 17. Do you have experience in the business you are thinking of starting?**
- a. Yes. (5 points)
 - b. Some. (3 points)
 - c. No. (1 point)
- 18. Could you competently perform multiple business tasks: accounting, sales, marketing, and so on?**
- a. I sure would like to try! (5 points)
 - b. I hope so. (3 points)
 - c. That sounds intimidating. (1 point)
- 19. Are you willing to really hustle for clients and customers?**
- a. Sure. (5 points)
 - b. If I have to. (3 points)
 - c. I would rather not. (1 point)
- 20. How well do you handle pressure?**
- a. Quite well. (5 points)
 - b. It's not my strongest trait, but I can do it. (3 points)
 - c. Not well at all. (1 point)

Scoring

80–100: You have both the temperament and the skills to become an entrepreneur.

60–79: You are not a natural entrepreneur, but may become one over time.

Below 60: You would be wise to think of something else to do besides self-employment.

So there you have it. Not only should this quiz help you understand your Entrepreneurship IQ, but it should equally give you some in-

sight into the traits and characteristics of the prototypical successful self-employed businessperson: driven, hard-working, creative, energetic, resourceful, confident, and flexible.

So if this describes you (or a close approximation of you), then the next question is, where do you go from here?

RISK TOLERANCE

The quiz you just took is intended to both help you gauge your Entrepreneurship IQ and show you the traits required to start your own small business. Yes, you will need some business savvy and self-confidence; that is a given. Being creative and hard-working are equally important. But of all the necessary traits, the one that you must have in abundance is a tolerance for risk, because starting your own small business is a risk.

Borrowing money, setting up shop, trying out new ideas—these are things that, while fun and exciting, are also inherently risky. There are no guarantees that your idea and plan will fly. Certainly the goal of this book is to make sure it does, but no matter how much you study and learn, there will always be an element of risk in being an entrepreneur. Would you have it any other way? If your answer is no, then you definitely have the right stuff. If it is not, if the idea of taking a big risk scares more than excites you, then you need to consider carefully whether starting your own business is really for you.

Throughout this book I share with you the traits of exceptional small businesses so that you can see what the best of the best do. Here is the first one, and it is good news: Great small businesses work to reduce their risks as much as possible. They work at covering every angle so that the risks they do take are prudent, calculated ones. That is what you will need to do, too, if you start your own small business—take a prudent, calculated, intelligent risk with a high likelihood of payoff. Just know that even reduced risk will still be present because it is the nature of the game.

THE NEXT STEP

Sometimes the idea of starting your own business can be overwhelming. What kind of business should you start? Where will you get the money? How will you find customers? All are legitimate concerns, and all are addressed in detail. At this point, however, understand that as you drive down the street, almost every business you see is a small business run by someone who, at some point, had never run a business before, either. But they learned how, found the money, found some customers, and are still around. If they did it, so can you. To join their ranks, you must be willing to do your homework.

Education

The next step therefore is to educate yourself. Most people go into business because they love something and want to do it every day: The baker wants her own bakery; the chiropractor wants to start his own practice, and so on. The problem the baker and chiropractor usually have is that while they may know a lot about baking and backs, if they are like most entrepreneurs, they know little about the business and boardrooms; they may know their specialty, but they do not know everything else it takes to start and to run a successful business. And problematically, it is the everything else that will take up *a lot* of their time. Marketing and advertising, sales and income taxes, hiring and firing, and so on have nothing whatsoever to do with backs and bread.

There are several great sites that can teach you a lot about small business:

- www.usatoday.com/money/smallbusiness/front.htm
- www.NASE.org
- www.NFIB.com
- www.SBA.gov
- www.Microsoft.com/smallbusiness
- www.MrAllBiz.com

So the next step is to begin to learn about business in general. Certainly this book should be enormously helpful, and down the road you will see that nothing beats the trial and error of actually running your own venture, but before you can get to that point, you need to get a general idea of how businesses operate.

Even if you passed the preceding Entrepreneur IQ quiz with flying colors, it is probably safe to assume that, while you have an entrepreneurial bent, you likely do not know everything you will need to become successful; that is true for most self-employed people. So the suggestion here is that you begin to brush up on both the subjects that seem interesting to you *and* the ones that scare you. If finances are not your strong suit, then dig in. As a small business owner, you will inevitably wear many hats. It is not uncommon, especially at the beginning, for the founder to be the president, accountant, marketing wizard, and salesperson, all rolled into one. So it helps to get a broad understanding of what it takes to run a business.

It would also be smart to start to read some business magazines every month. Periodicals like *Home Business Magazine*, *Entrepreneur*, and *Inc.* are chock full of easy-to-understand articles intended to make you a success.

Experience

Finally, no education would be complete without some practical, hands-on experience. This can take two forms. First, if you want to open an antiques store, for example, you would be wise to work at one. If you already have that sort of hands-on experience in your chosen industry, then skip the rest of this paragraph. But if you have never actually worked in a business like the one you want to start, you are *strongly advised* to do just that. Your entrepreneurial dream can wait six months while you gain the sort of experience that can make or break your new business. Working in a business like the one you want to create will teach you things that no books can impart. It is a critical step.

Second, you need to find some business owners in your desired field with whom to talk. If you stay in your town, finding entrepreneurs to talk to in your potential industry may be difficult; they will likely view

you as a potential competitor (rightly so) and thus be reluctant to share their insights with you. Therefore, it would be much smarter to go to a nearby town, find a few businesses similar to the one you want to start, take the owners out for lunch, and pick their brains. People love to talk about themselves. Find out everything you can about their business:

- What do they like most about it?
- What do they like least?
- How much did it cost to start?
- How much can you expect to make?
- Where do they advertise?
- If they were starting over, what would they do differently?

No one knows this business (whatever it is) like the owners do. You would be hard-pressed to find better, more pertinent information than that from these small business owners who are already doing what you dream of doing.

This informal MBA can reap tremendous benefits. By the time you are ready to start your business, you will have a thorough understanding of the risks and rewards of what you are getting into. Doing this initial research will take time for sure, but if you follow this plan, you can be assured that when you finally do open your doors, you will have reduced your risk to the extent possible, and thus your chances of success will be much greater.

