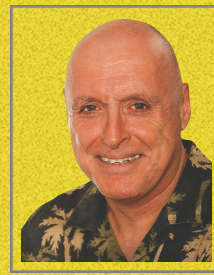


THE EXTRA POINT

BY JERRY ROBERTS



1495 Starting a Small Business: Are You Sure? – Part 2

So you want to start a business. You don't care about the risks associated with doing that. Yesterday, you listened to the first three reasons why new businesses fail and you are not deterred. You're ready for whatever comes your way, including the other three reasons why new companies don't make it. I'm Jerry Roberts and that's next on The Extra Point.

Roughly 4.5 million businesses are started every year in the U.S. Guam sees a tiny fraction of those, but the dreams of those of who start them aren't necessarily tiny.

Yesterday, we reported that over 80% of new businesses are solo endeavors, without any employees, and about half of those are done and gone inside of five years. The odds aren't in your favor of a long and successful run.

The three reasons I revealed in part one of this report are not establishing if there is a demand for your product or service before you get going; not handling planning or money management well; and the lack of a competitive advantage. All that is significant.

4. Ineffective marketing and sales. Unless you come up with a miracle product and you've got an exclusive on it with people knocking down your door to get it...you're going to have to sell.

The problem there is that most people hate the idea of selling anything, and they're not very good at it. "Wait, I don't have to sell my offers. I can just run an ad in the newspaper, or on the radio, or in social media, and people will buy-buy-buy and I'll be rolling in money!"

Sorry, but in 99.3792% of cases, that fairy tale will not have a happy ending for you. Yes, I made up the number, but it's probably close. If you've got money you can run ads, but you'll still have to hit the road and sell what you have.

5. While you're out selling, there are things that have to be done for the business. If you

deal with products, there are orders, inventory, and you'll have to figure out what the market wants and what they don't — otherwise you'll be buying thing nobody will want.

If you provide a service, you'll have to be doing the work while trying to market to potential customers. If you have a full day providing the service, that's a day when you don't sell any new orders.

One day you may come to realize that your current work is ending and you have no other jobs lined up. What does that mean in practical terms? It means your income could be erratic.

6. Unrealistic expectations. This can be from anticipated income, to how much free time your business is going to give you.

If you've got an eight-hour a day job, with a paycheck every two weeks, and you think you are overworked and a business will give you greater time freedom — you need to think again. Some solo entrepreneurs work 60 hours a week or more. They don't have a fraction of the time freedom they once had, and that you may have now.

Where there once was a regular paycheck, now you scramble to generate that income you no longer have.

Let's be serious. Being an entrepreneur means you will likely have far less free time than the people who work for someone else. While they're having fun in their off hours, you're out there trying to sell something, or you're doing paperwork that's piling up.

Your old work friends will call you and invite to get together with them, and you'll want to do that. Maybe you will. They'll talk about what they're doing at work, and the plans with the family.

If you're not careful, you might find yourself wishing you were back in that life. (Con't.)

There we have six reasons why a business can fail, and why you might not want to even think about starting one.

If you're not totally discouraged and you think having your own business is a good idea, then tomorrow is for you. We'll have a list of things you can do to give yourself a better chance to succeed in a business of your very own.

That's the Extra Point. Be responsible and make something good happen today. For 93.3FM, the Ray Gibson Show, and First Hawaiian Bank, I'm Jerry Roberts.

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