

**Petoskey News - Review**  
**Wednesday, January 22, 2014**

## **Entrepreneurial success requires more than just drive**

**By Chris Smith**

There is a certain drive that makes someone want to start their own business. It comes from many sources. Perhaps you admire or envy a successful family member in business, or are tired of working for a badly run company and feel you can do it better. You may have a great idea or a hobby or skill that you love to work at. Whatever your background or reasons that drive you to want your own business, they are persistent and continue for many years. Some people dream for years, but never get to it until later in life. Others jump in quickly with both feet when they are young. Some are successful, but most fail. Not because their heart, soul and effort haven't been applied, but, because of many circumstances beyond their control. A well-known statistic is that over 50% of new businesses fail within five years.

Nobody in their right mind starts any venture with the intent to fail. What so many would-be entrepreneurs fail to grasp while trying to follow their dream is that business is not a dream. There are so many parts and pieces to grasp and understand in starting and running a business, and that most people fail to recognize them before they are faced with real-life difficult situations. We are not taught business in our secondary school system. Even college business- school courses are quite often taught by instructors without business experience backgrounds. And certainly students trained in technical fields are rarely taught any business courses. People employed in medium and large businesses are quite often in a job so specialized that they lack the breadth of experience to know the other crucial parts of starting up and running a business. So, how does one pursue their dream, accomplish a business start-up and not fail?

First, they must clearly define what their business is intended to be. They must thoroughly understand the product or service and how they will market it. The product/service must be clearly defined, market priced and actively promoted.

Secondly, there must be an operations plan covering how they will produce the product or perform the services they offer. This covers a wide range of topics such as work space, tools, equipment, supplies, inventory, quality assurance, cost control, utilities, personnel and labor laws, environmental regulations, transportation, scrap and waste disposal or recycling.

Lastly the financial aspects of the business need to be addressed. Keeping track of all the production and marketing expenses, payroll calculations, taxes, invoicing, collection of accounts, provision for financing growth and primarily maintaining control of the cash.

All three of these areas must be understood and covered competently. If the new entrepreneur is not experienced in these areas it is imperative to obtain training, find partners or hire the expertise needed to insure a properly operating business.

If a would-be entrepreneur is starting up a one chair shoe shine stand he/she might be totally capable of covering all areas, but they all do need to be covered. If there is intention to grow to multiple chairs and locations, help and more expertise may be required. Many small businesses start up fine but get into trouble because they don't get help in planning growth beyond the owner's personal capacity.

While most business failures are caused by financial problems, it is quite evident in most failures that the underlying cause is not planning thoroughly for the contingencies that arise in running a business. The entrepreneur must be able to handle business problems competently or get the help needed to do so. They need to be able to draw help and guidance from friends, family, accountants, attorneys, bankers, insurance brokers, property managers, suppliers, business friends and associates, and even customers.

And, while all these people may lend guidance and various forms of assistance, the entrepreneur must make the decisions and run the business. With this in mind, the more trained and prepared a business owner is for the situations he/she will encounter the better they can be handled. Proper prior planning is essential to minimize the difficulties of running a small business or any business.

How do you plan for running a business well and plan for success? First the entrepreneur must be knowledgeable or get the training for the intended business in areas of marketing, operations and finance. Then, the best way to get off to a solid good start with a new business or improve a current business is to prepare a business plan with guidance from experienced people. A good business plan forces you to evaluate and plan for the contingencies that will happen and helps avoid crises that otherwise lead to failure. Getting guidance from experienced people insures that the plan being prepared includes necessary marketing steps, competent operations, financial contingencies and profitability.

Some excellent sources for training and help include Public Libraries, North Central Michigan College and SCORE. Most of our area Public Libraries now have Business

Resource Centers with good business information. North Central Michigan College offers business and entrepreneurial courses.

SCORE, Service Core of Retired Executives, is a volunteer group sponsored by the Small Business Administration. The SCORE website [www.score.org](http://www.score.org) includes a format for preparing a business plan. The local SCORE Tip of the Mitt Chapter has volunteer counselors willing to counsel business start-ups as well as established businesses FOR FREE. Their volunteer counselors are retired experienced business people who are willing to provide continuing guidance for your business. Contact SCORE Tip of the Mitt at Petoskey Regional Chamber of Commerce 231-347-4150

Chris Smith lives in Charlevoix. He is a volunteer counselor with the Tip of the Mitt Chapter of SCORE after spending 60 plus years in various small business enterprises including engineering, manufacturing, property development and property management