# What Does It Take to Run a Business?

by Rob Spiegel

Are you smart enough? Are you tough enough? Are you brave enough? Are you stupid enough? To start and run a business. What does it take? If you're stupid enough, you don't have to be brave. If you're smart enough, you don't have to be tough. Most businesses that fail run out of money before the business can succeed. If the entrepreneur had more money would the business have succeeded? Or would it have just taken longer to fail?

**How to Set Up and Run Your Own Business**

I think it's important in life to be a success, and yet it is surprising how unambitious the career options proposed by most schools (and some universities) are. They assume that you want to get a job and be paid a regular wage, have a mortgage, retire at a particular age, etc, but without making all this sound too much like the song "Choose Life", it has to be said that you really can choose your future and you really don't have to do the normal expected thing.

What would be nice would be to make a fortune and become immensely rich. Looking at this aim in a practical sense, it soon becomes obvious that even if you get a well-paid job and work until you're 65 years old, you'll not really become truly rich. You don't get rich by working for someone else. A better plan is required. There are various ways of becoming rich: Winning the Lottery, but this requires luck. Being a STAR, but this requires star-quality and luck as well (more about this later). And then there's running your own business, which anyone with enough sense and determination can do. You don't need to be brilliantly clever, lucky, have star-quality, have an ancestry of entrepreneurs on both sides of the family, or be quite well-off to start with, although all these things help a bit. What really helps is getting a few things right, and now I'll go on to describe these things, in the general [helpful hints and tips by Zyra](http://www.voicesforum.org.uk/zspeech.htm) style.

**INITIAL INVESTMENT**

The first myth to explode about running your own business, is the notion that to start any business requires a lot of money. This idea is believed by almost everyone, strange as it may seem. Whilst it is true that some types of business require an enormous initial outlay, most only require a very modest initial investment, and some require virtually no money at all to start them off! It is quite practical to start a business with no more money than you spend on a Saturday night and end up eventually becoming a multi-millionaire.

**Becoming rich**

Don't get me wrong about this - becoming rich by setting up your own company is not a get rich quick system. Running your own business is harder work and requires longer hours than having a 9-5 job. It's not an "easy option". The point is that you CAN become immensely rich, not that it's easy. However, if you hate being poor, the extra work required to become rich may be worthwhile.

**Good planning**

The essence of running your own business with success is a matter of good planning. It is a strategic planning philosophy which works best, as seen in the Direct Drive idea. You plan what you're going to do, work out what kinds of things might go wrong, and test the ideas out to see what's practical. If you play chess, apply that chess-playing logic to life and money, and you are likely to be a success.

**Determination**

Determination is important. It's best to have an attitude of being persistent in working on your business. You have to keep on at it even though it's hard work and doesn't have any immediate reward.

**Accounting**

It's not boring. There are two types: Tax accounting and Admin accounting. Tax accounting is done as follows: Collect all important-looking financial paperwork and put it all into a large bag. Look after this carefully and give it to your accountant. Admin accounting is something you do yourself, where you work out on the back of an envelope how much money you are getting in and how much money you are spending. Every part of your business has to make sense financially. So, if you're manufacturing something, it has to sell for more than the cost of all the parts (sounds silly, but I have seen businesses where this was not so!).

This idea of "Admin accounting" is important and extends into having a knowledge of the way money works. If you have a cash register/till with R10 000 in it, a person with no capitalist sense may tell you that you have made R10 000. You've got to know this is not true. Your takings might be R10 000, but if your stock cost you R8 000, then you've only "made" R2 000. Minus your overheads.

**POTENTIAL THREATS TO A COMPANY**

**Beware of CREDIT**

Obviously beware of borrowing too much money from the bank and paying loads of interest. But also beware of extending credit to your customers. If you do, some of them will not pay up, and the rest will have to subsidise them! It's better to be CASH ONLY and IN ADVANCE. This will allow you to sleep better, will be cheaper for your customers, and will not let bad payers damage your business! Remember: Bad payers come in many disguises. They may look reputable, look rich, and seem honest, but can bounce cheques on you and make lame excuses. Don't let them get away with it!

**Read what you sign**

When signing anything, always read all of it. If there's too much smallprint it's better to refuse to sign it than to sign it without reading it.

**Don't have "all your eggs in one basket"**

If you're a supplier, don't let your business become DEPENDENT on one customer. A well-balanced company should be able to survive the loss of any one or two customers and still survive. The problem is especially bad where a small company is a supplier to a big supermarket and sells 80% of their produce to the supermarket. It has been known for the customer to eat the company whole by withdrawing the deal, making the company go broke, and then buying the company up for next-to-nothing at the liquidation sale. To avoid this, always have enough lifeboats, such that even if the worst happened, you will not be lost without trace.

**Small shops and larger rivals**

Also, if you have a small shop, be on good terms with other small shops as much as possible but beware of the habits of some of the larger rivals. Some of the more disreputable places have been known to nobble the suppliers, making dodgy exclusivist deals to try to cut out the small shops. For that reason it's best to suss out the enemy before they suss you out. Wherever possible it's best to have many different suppliers who are all in healthy competition with each other, and to be in-the-know with the friendlies, who all know who the worst offender is. Some small towns live under economic oppression and poverty because of the unreasonable business behaviour of a few vested interests who "own the town".

**Commercial rent**

Another threat to a business which has to be watched out for is to do with commercial rent. If you rent a building, be very careful and be on your guard for this. Some landlords have a habit of waiting for a business to be a success and then doubling the rent. To avoid this, make sure the smallprint is not too bad, and also have options open to move to different premises if the problem occurs.

\* Don't work too hard, have no fun, and catch the dreaded diabetes. Also, if you run a small business, make sure that even if you were to suffer from a sudden attack of bad health, your business will not be bankrupted. Self-employed people have no statutory sick pay or other compassionate safety nets. Therefore it's best to make provision to have some kind of understudy and living will!

**TO SUM IT UP**

If you have a desire to run your own business, then you should do it! However, plan what you're doing well and have good strategy worked out in advance. if you've got a good idea, give it a try. Don't risk more money than you can afford to lose, and don't be put off by problems that occur. Listen to different people's good advice and then make your own mind up about whether they are right or not. In principle anyone who can think logically and has some determination about them can run their own business, and some of them will make money. I wish you well with it!