

'Not All Entrepreneurial Endeavors Are Created Equal' and Other Things To Consider Before Making The Leap.

By Adeena Mignogna
2004

You've got it! You know what you're going to do! You've got that idea, you're all gung-ho, you're ready to make a go of it. But wait! You need to stop for just a minute to ponder what you're about to get yourself (and possibly your family) into. "Sure", you say, "I know that this or any entrepreneurial endeavor is a risk". But it's not just about the risk, it's about thinking of the bad things that can happen on a daily basis (as well as the good things) in the situation you're about to create.

The bad things I'm talking about can be heavily dependant on the type of business you start and are not necessarily ones that will kill your business. They are the things that will cause you to have more stress than you ever thought was possible and make you question yourself and whether you did the right thing. With some forethought, you can minimize the stress and prepare yourself for the wildest and possibly most exhilarating ride of your life! So before you quit your day job, hold off for just another hour, read this article, do the exercises below and give some more thought to what you're about to get into.

Chances are your new endeavor is something done out of your home (consulting, web design, etc) which we'll call "home-based" in this article, or something that requires you to rent space outside of the home (retail, restaurant, etc) which we'll lump under the "retail" heading – meaning that you're paying for space that you're not living in.

First question: Is your business going to be home-based or a business that requires retail or office space? Think about the impact that this one difference in business type will mean to your business and your lifestyle.

My main business is retail and when I tell people about my store, they say things like "Oh you're so lucky to not have to work for anyone" and "It must be great to have a flexible schedule" and even "we see your store is so busy on the weekends, you must be doing really well". I usually smile and nod politely, but I'm actually thinking "If they only knew how many hours a week I work and how very little I get paid".

If you're working out of your home, then yes, you probably will be able to set your own schedule and there's a good chance that it will be pretty flexible. Maybe it will allow you to be around your kids more, but then plan to be doing your accounting at two in the morning. In this situation, you might need to be careful to actually *set* a schedule. When you're working, let your family know you're working and should not be disturbed.

If your business is retail, then your store probably has set hours and whether you're there or not, business is happening. A lot of retail stores have hours that are partially set by the landlord. You may be able to schedule staff so you can take a day off, but what if the

person in charge while you're away quits the day before? Good-bye weekend plans. All new small retail owners I know of, myself included, have much less time to spend with friends and family. Today's retail climate is heavily customer-service oriented. If you're an owner of a new, small retail business, that probably means that a lot of your time is spent getting to know your customers and training your employees to interact with them in a certain way.

In any type of business not having a boss has its benefits – you don't have to answer to anyone, at least not when it comes to deciding what needs to get done, the course your business is going to take etc. But there are some things you're missing when you don't have a boss – performance reviews, for example. We all need to know how we're doing – good or bad. You won't have a boss yelling at you, but there's also no one to pat you on the back and say “well done” either. When you are working for yourself, you might not have any colleagues to converse with either. If you're working from home, you might have very little contact with anyone. Will you miss this interaction? (Tip: seek out trade organizations or other places where you can find mentors or develop new relationships)

These days, I'll be sitting in a retail establishment on a busy day and I'll try to guess what their daily sales might be – I was just at Panera Bread the other day doing exactly that. Panera Bread is **always** busy when I'm in there. I know people sit in my store thinking that – it's busy, you hear the cash register open every other minute – we must be doing so well! But what people forget to think about while they're dreaming of the sales is the expenses. A retail business typically has the following expenses: rent, taxes, payroll, inventory, utilities, advertising and other supplies. Look around – how much space is there, what might they be paying in rent? How much did all the fixtures and build out cost? How many people are on staff right now?

Even when a business is running right, things can always go wrong. Retail businesses and home-based businesses face different problems creating stress for their owners.

Some examples from retail that wouldn't affect a home business:

- 2am burglaries. There's nothing like getting a call in the middle of the night from the police saying that your store was burglarized.
- Not only losing one employee who you worked hard to train, but 3 in one day.
- Lots of retail businesses are seasonal. Many retail businesses are also weather dependant.
- Unexpected maintenance. Many home businesses only require a quiet work area, business cards and a computer. Maintaining a retail store is almost like doubling your housework.
- What would happen if you got the flu? What would happen if you needed to spend a couple of days in bed? Or in the hospital?

Now do this:

Take out a clean sheet of paper. On the top, write down your business idea in 50 words or less. Draw a line down the rest of the sheet and label one column “pros” and the other “cons”. Now write down as many pros and cons that you can think of.

Ignore the pros for a minute. Look at the cons. This is where your stress is going to come from. Can you handle these? Think of what you would do if these things happened. Better yet, write down what you’d do. (Save this, you can use it later as part of the contingency section of your business plan) If you are still working, you may want to do a similar pros and cons sheet that reflects your current work environment.

“Wow”, you say, “I have more cons than pros”! Does this mean you shouldn’t go into business? No, it means that you should only go in with your eyes wide open. Now pat yourself on the back for doing this exercise. Most entrepreneurs-to-be don’t take the time to think about these things.

How important are these things to you?

- financial security
- calling the shots
- having weekends off
- spending time with friends and family

How will your new business venture affect these things?

Some other steps you need to take before handing your boss your resignation letter:

- Start writing your business plan.
- Get your financial life in order. Answer the question: How will starting this business impact your financial life? BE REALISTIC!
- Read “The E-Myth Revisited: Why Most Small Businesses Don’t Work and What to Do About It” by Michael E. Gerber

The message is to be as prepared as possible. Be as realistic as possible when assessing the good and the bad, especially when it comes to the financial realities and the impact it will have on your life.

Good luck!

In between writing assignments, Adeena Mignogna owns and runs two businesses: The Pot & Bead (www.potandbead.com), a retail business and Now Plan This! (www.now-plan-this.com) a home-based consulting business helping other start their new adventure.