

BUSINESS CONSULTING SOLUTIONS, LLC

Practical solutions to help you fix, grow, or sell your business.

Entrepreneurial Self-Assessment – Overall Parameters

Editor's Note: Doing a considerable amount of homework helps to minimize the risk of owning your own business. This article, geared to those who are considering becoming an entrepreneur is the third in a series of three articles regarding the entrepreneurial self-assessment process.

Frequently, a first-time entrepreneur's business parameters are loosely defined – or even nonexistent. Many new entrepreneurs find that they eventually figure out what kind of business they DO want to be in by gradually determining what business they DON'T want.

Generating your own answers to the following questions will help you avoid wasting your time and that of others who become involved in your business ownership endeavors.

Business Activity: Do you prefer to make things, distribute them, or sell them to the ultimate consumer? Are you more comfortable providing a service to clients?

Your Role: Can you pick up a broom as easily as you can sit behind your desk? Are you prepared to be your firm's best salesperson, or should that job be left to someone else?

Personal Standards: Does a major or minor aspect of a business prevent you from considering certain types of businesses? For example, would owning a business involved in the production, distribution, or retailing of alcoholic beverages create inner turmoil?

Family Involvement:

Besides you, will any member of your family be involved in the business? If so, are the duties, responsibilities, and levels of authority clearly defined?

Locational Preference:

What are your first, second, and third locational preferences? Are you willing to relocate? Will a 30-45-mile drive to the business be acceptable?

Purchase Timing:

By what date would you LIKE to be, or MUST be, in the business? Why not sooner or later? Are there specific reasons for your timing (e.g., annual bonus, Reduction In Force severance package availability)?

Income Requirements:

If taking a smaller income during the first year or two would help you take a much larger income in year three and beyond, what is the absolute minimum income required?

Hours of Operation:

Will the hours of operation create a conflict with an existing personal commitment, such as attending a child's extracurricular activity? If so, what commitment will get the top priority?

Operational

Environment: Do you have strong feelings about going to work in a suit versus blue jeans? Does your office need to be immaculate at all times?

Investment: What limits does the review of your personal financial statement tell you must have?

In addition to your seed capital, what amount have you allocated to immediate expenses, such as security deposits, attorney, and accountant?

Business Financing:

Will you have sufficient working capital cash reserves (or available lines of credit) consistent with the needs of the business?

If not, would taking on a partner or additional shareholders be acceptable to you?

Customer Contact: Are you more comfortable dealing with presidents and owners than with purchasing agents or chief financial officers?

Employees: What depth of management staff are you considering? Do you prefer employing skilled or unskilled laborers?

SPECIAL NOTE:

Obviously, there are other questions within each category that can and should be asked. Common sense will dictate what those additional questions should be.

Becoming an entrepreneur requires considerable thought, laborious attention to detail, penetrating investigation, and assumption of calculated risks. The process can be made easier and less risky with thorough upfront preparation and self-analysis.

If you feel that: 1) your motivation is realistic, 2) your level of financial, mental, and emotional preparedness is sufficient, and 3) your overall parameters are somewhat defined, then you are ready to start the process.