

## **Axiom-e's start-up overview** **Some comments for those thinking of setting up in business**

Over the years, I have been asked by many people to discuss their initial plans for business. As the same issues kept arising, I developed this overview to help those who are thinking of starting a business or have just set one up.

Although just an introduction to the subject, I hope that the document will help you to consider things at an early stage so that you are better prepared for the inevitable issues that result from running a business.

Axiom-e works with a variety of early-stage organisations including charities, social enterprises and commercial businesses. In general, the comments provided in this document are applicable to all enterprises, although legal structures and funding requirements will differ.

No charge is made for this document but, instead, I would ask that you consider making a donation via [www.justgiving.com/turbo](http://www.justgiving.com/turbo) to the work of **The Turbo Trust** ([www.theturbotrust.org](http://www.theturbotrust.org)), a charity which helps to raise funds for severely disabled but active people who are seeking independent mobility via the unique bespoke elevating powerchairs designed and built by **Dragonmobility** ([www.dragonmobility.com](http://www.dragonmobility.com)), one of our clients.



For more comprehensive help with starting, or running, a business, or to make suggestions for inclusion in the next version of this document, please contact me.

Thank you for your interest and support.

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# Axiom-e's start-up overview

## Some comments for those thinking of setting up in business

### 1 Summary

It is good to have an idea for a business and an understanding of the key elements required to progress it. However, these may need to be developed further even before you set up a company. It can take a lot of effort and time to develop the idea to the point where it makes any return for you but it can be a rewarding and enjoyable, if sometimes frustrating, experience.

Over the years I have helped many companies to start and grow and have seen many instances of good practice but also many avoidable problems. I am always happy to discuss how I might be able to help you and your company. Initial meetings of up to 90 minutes are free of charge, apart from what you might donate to **The Turbo Trust**.

### 2 Business Plan

How you will develop your company can be determined before expending too much time and money by working through the development of a business plan.

Developing a business plan is essential although the final document is less important than the planning process. By working through the key elements, you will clarify your objective and get a clearer idea of how to reach it.

It is my view that, in addition to an **over-riding objective or purpose for existing**, all businesses need to have:

- a clear and realistic **strategy**,
- the **financial** resources, controls and systems to see it through and
- the right **management** team and processes to make it happen.

You can get assistance on business planning from various sources (it is my main focus) but to start you thinking, consider the main headings of a typical business plan, attached as Appendix A. Depending on the nature of your business, the final document will generally be from 20 to 40 pages (plus appendices) of fairly concise commentary and numbers. A small on-line business may produce a shorter plan but the issues are largely the same.

A key outcome of the plan will be a **series of financial forecasts**, key of which is the **cash forecast**. This will set out an indication by month of what the cash inflow and outflow is. It will help to show what the maximum net outflow might be before you start to make money on your business. This is important as you must be prepared to lose the money that you have spent. If you are not, the risk of setting up your business may be too large. You must always be careful not to pour good money after bad and so you should have a clear idea at the outset what your limits will be.

If funds are required then they may be available in the form of **grants, loans or equity** (shareholdings). Loans can sometimes be unsecured but most lenders will require some security or personal guarantee.

There are many sources of each type of finance but what is available could well be determined by the nature of your organisation (eg commercial organisation, social enterprise, charity etc). Note that the nature of an organisation is *not* necessarily defined by its legal structure as there is much overlap, especially if your business is a "social enterprise". (See also section 12.)

I spend a lot of my time sourcing funds for clients on the back of a well developed business plan and can provide assistance as required. (See [www.axiom-e.co.uk/business-planning](http://www.axiom-e.co.uk/business-planning).)

Before developing a plan (especially in the technology sector), have a read of Mullins' book mentioned in Appendix D below.

### 3 Company and trading name

If you are going to set up a limited company, visit [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) then click "Search company information" to check if your proposed name has been taken.

Whatever name you choose for your *company*, you can have one or more different *business* names which could be developed into a brand name and logo. Technically you would then be **[Ken's Company's Name] Limited (or Ltd) trading as [trading name]**. You could actually trade under more than one business names (eg **KD Contracting** and **KD Repairs**) for the same company if you wanted to target different sectors, for example. (There could be tax – especially VAT - implications so be careful.)

Having determined what to call yourself after taking account of what similar company names exist and how easily your name might be found on web searches, you can set up a company. If, like most people, you are unfamiliar with the legal, tax and financial issues surrounding this, please ask somebody who does! In the same way as you are seeking to help people who are not expert in your field, so you should take advice as appropriate.

Remember to consider issues relating to:

- the amount and type of share capital
- how to split capital between owners
- additional sources of finance
- company secretary (Whilst it is not necessary for small companies to appoint a company secretary, somebody still has to be responsible for the company secretarial work which, it should be noted, is much broader than taking minutes at board meetings!)
- directors
- formal objectives of the company
- etc

Following the implementation of the Companies Act 2006, all forms and procedures for establishing the above have changed. I can provide advice if necessary.

Even if you *are* comfortable that you know what you are doing, you are generally best to pay a bit more than it would cost to deal directly with Companies House and to use a formation agent. They can supply pre-named companies whose names can be changed later or, preferable in my opinion, can set up with the correct name from day one.

Many clients ask me to handle this for them, especially if they want to appoint Axiom-e Limited to act as Company Secretary or Finance Director.

### 4 Domain name

It would be good to have a consistent business name and domain name.

Do an internet search for key words and see what comes up for a selection of the proposed names and the products or services you propose to sell. Be careful not to use a name that could result in searchers finding other sites that you would not want to be associated with.

Check if your proposed domain name is available by using [www.whois.net](http://www.whois.net). Alternative names may be available but consider how easily somebody would find you and/or confuse you with an alternative supplier if you had one of these.

It may be better to think of a more generic name and not to use your company name in full, especially if it is long or has unusual spelling. Watch out for the use of numerals and alternative ways of spelling that could limit the ease with which somebody might find you.

Where do you expect most of your business to come from? If the UK, you may benefit from a “.co.uk” domain name as this may get better search engine positioning.

## 5 **Web hosting**

Even if you are just a small business, it will be important that your website is managed appropriately and that it is protected against server crashes, ISP down-time etc.

Your proposed business may well provide this service. If not, I can put you in touch with suitable companies where you can get advice on domain names.

## 6 **Presence**

If your business is web-based, why not test out your ideas before developing your business? Get some products then sell them on E-bay, GumTree and other e-commerce sites?

How do competitors operate? What conflict will there be with them? What exclusivity will you have?

As well as on-line presence, you may want to develop a series of documents that can be given out as adverts:

- **Business cards** with advert on the back
- **Quick summary of what your company does.** (It is helpful to be able to get this across in 1 sentence, 1 minute or 1 hour of talking, depending on the circumstances.)

Have you considered:

- **What will make people make the effort to buy from you?**
- **What you are selling?** Remember that **customers buy benefits not features** so be clear how your product or service will help them and be prepared to change the story for different customers. Ask about their needs first, listen to their responses then advise how your offerings can meet their needs. Never assume.
- **Who are your competitors?**
  - What prices can you get? It's much easier to reduce your price than to increase it. Start where you mean to end up.
  - How much business do you need to sell to break-even, that is before you start to make a profit? (This requires an understanding of income, costs and quantities so ask if you need advice.)
  - What charge-out rate(s) will you use if you are a consultancy or provide a repair service?
  - What quantity of stock do you need to get to act as samples and trial sales?
  - If developing a product, do you know what is required to get it to market?

## 7 **Self-employed**

If you have been trading in a self-employed capacity and now want to trade via a company, there are a number of issues that need to be resolved. Take appropriate legal, tax and financial advice.

## 8 **Support**

There is a lot of free advice available to people thinking of starting companies. Appendix C provides a selection, most of which are geared to business in the UK.

## 9 **Books and articles**

Before beginning your company, I recommend that you read books about starting up a business and the things to watch out for. These provide information in a slightly more in-depth way than do some web-based advisory services but you have to ignore some of the hyperbole – **running a business can be hard, whether it is successful or not.**

A selection of books is provided in Appendix D but remember that not all useful advice is found in books and not all books contain useful advice!

Basic common-sense advice is available from many sources but sometimes it only makes sense after you have been through a bad experience. Be wise: learn from the mistakes of those who have been there first! Some such advice taken from various websites is given in Appendix G.

Get business advice from reputable web-sites and Twitter feeds but always weigh up what is provided. (I tweet as **@Axiom\_e.**)

(Whilst you should never hand over money on the internet or elsewhere unless you are sure you know what you are doing, do remember you become liable when you enter into a contract, not when payment for that contract becomes due.)

## 10 **Commitment**

It is important to consider the task ahead of you and to decide how you will work it through. This requires **tenacity, resilience and much family support.** You may want to ask yourself some of the questions in my article **Fundamentals of business success** at Appendix B. Get your spouse/partner/family/friends to answer the questions too then discuss the answers openly and honestly.

If required, I can provide more detailed questionnaires. Please ask for details.

## 11 **Administration**

Although running your own business can be exciting and stimulating, you have to ensure that all necessary administration is undertaken in a timely fashion.

There is a statutory requirement to keep proper accounting records. Failure to do so is an offence. Appendix E sets out the relevant part of the Companies Act 2006. Axiom-e helps establish appropriate accounting systems and implements accounting software for clients (see **[www.axiom-e.co.uk/systemanalysis](http://www.axiom-e.co.uk/systemanalysis)**).

Over the years I have heard of many companies that have come to grief because they focused too much on their product and service at the expense of administration and finance. For this reason I developed **axiom-essentials**, a comprehensive package for start-ups and early-stage companies which is designed to help take care of the “back office” functions. For details and other things to consider, see **[www.axiom-e.co.uk/essentials](http://www.axiom-e.co.uk/essentials)** which is summarised in Appendix F.

## 12 Legal aspects of running a company

The start of a business' s life is an important and exciting time. As an entrepreneur, you want not only to develop your new venture but also to lay the foundations for its long-term success. A new business will need to get the legal foundations in place, quickly, at a time when it can often least afford to pay professional fees.

Axiom-e acts as Company Secretary to several clients and provides general legal advice (see [www.axiom-e.co.uk/coysecy](http://www.axiom-e.co.uk/coysecy)). Where appropriate we introduce our clients to legal specialists. One of these is the law firm Mills & Reeve which has developed a package for start-ups called Launchpad. Their site ([www.mills-reeve.com/launchpad/](http://www.mills-reeve.com/launchpad/)) is designed to provide a user friendly, flexible and cost effective approach to assist in providing the legal help and documentation necessary to get a business on the right footing and to help the founders create the structure that is best for them and the growing business.

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The above comments are general, relate to most companies and are designed to be helpful and to encourage you to think further about your proposed business. If you are setting up a technology company, particularly if you will be seeking funding from external investors, you will need to take further advice. I can help with financial matters including business planning and fund-raising.

I hope that this overview is useful. To arrange a meeting to discuss how Axiom-e can assist you further, please contact me on **012223 839579** or email [info@axiom-e.co.uk](mailto:info@axiom-e.co.uk).



## **Appendix A: Typical major sections of a Business Plan**

- 1 Executive Summary**
- 2 Business Overview**
- 3 Personnel and Management**
- 4 Products, Markets, Sales and Marketing**
- 5 Operational details**
- 6 Financial analysis**
- 7 Risks**
- 8 Company Needs**
- 9 Conclusions**

### **Appendices**

- A
- B
- C
- D
- E
- F
- G

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Note: each major section will have several sub-sections, the contents of which will be determined by the nature of the business and the purpose to which the business plan will be put.

## Fundamentals of business success

“Have you got the key ingredients for business success?” a recent mailshot from a bank asked.

How often do you consider this for *yourself* and for *your company*? Have you taken actions that permit a consistent affirmative response?

Do you *know* what you want from your company?

### BUSINESS SUCCESS

Success is determined by how closely a company meets its objectives. Conceptually these include:

- sales optimisation
- profit maximisation
- long-term shareholder wealth maximisation

The practical real-world objective invariably comes down to “*earning a reasonable amount in the long-term whilst making enough in the short-term to ensure that the long-term results*”.

The old adage: “**Sales** is vanity; **Profit** is sanity but **Cash** is reality” remains true.

Forget salesmen’s egos and accounting profit: “Cash is always King”!

### PERSONAL SUCCESS

What do you want from your own company? A steady income? An interesting role? Long holidays in the sun? A nest egg for retirement? ...?

Your answers will affect how you manage your business and how long you might expect to remain in your position. The skills required to start a business are quite different to those necessary to grow a company towards a planned exit and changes may need to be made.

Smaller businesses can often provide better, less stressed, lifestyles than larger ones.

When growing, carefully consider step-fixed costs. A sustained incremental increase in sales can often result in *reduced* profit due to the extra resources required to support the activity. Conversely, large increases in sales will not *necessarily* add a proportionate amount of costs and can increase profit.

### THE FUNDAMENTALS

Business success is determined by four key ingredients:

#### **Strategy**

Without a clear objective and a thought through plan of how to achieve it, a company will never succeed.

Developing a comprehensive business plan is essential as it enables the management team to consider what is necessary to meet objectives.

## **Marketing**

Successful companies have products or services that others are willing to pay a price above cost to get and also access to the right technology to develop the products and to refine them

## **Finance**

Good financial management, tight control and robust plans are key necessities for business success in both the short-term and the long-term whether for start-ups or well-established enterprises.

Appropriate funding and overdraft facilities are necessary to survive periods of net cash outflow so that periods of inflow can be reached. Financial planning can help identify the funding requirement.

## **Management**

For long-term success, management teams must have the right blend of comprehensive and complementary skills and be clear about their companies' objectives and their own potential destinies.

A group of technologists forming a company to develop their own research will soon need to add people in functional departments. Early on, it may be advantageous to hire in the services of experienced consultants as needed. Later, part-time directors providing strategic input could be engaged.

## **HAVE YOU GOT WHAT IT TAKES?**

Beneficial action should result from taking time individually and with your management team to consider the question *"Have you got the key ingredients for business success?"*

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Ken Dickson, a member of the Cambridgeshire branch of the IoD, is Managing Director of **Axiom-e**, the strategic financial management consultancy. He can be contacted on 01223 839579 or [kd@axiom-e.co.uk](mailto:kd@axiom-e.co.uk).

## Appendix C: Some sources of information for UK-based organisations

<p><b>Universities</b></p>	<p><b>Many universities provide free or low-cost opportunities to meet and learn from others.</b></p> <p>Cambridge University runs <b>Enterprise Tuesday</b> – a series of free evening lectures and networking sessions open to all students, Cambridge University staff and members of the local business community.</p> <p>Past talks can be heard at:  <a href="http://www.cfel.jbs.cam.ac.uk/news/podcasts/index.html">http://www.cfel.jbs.cam.ac.uk/news/podcasts/index.html</a></p> <hr/> <p><b>Sources of start-up advice:</b>  <a href="http://www.cfel.jbs.cam.ac.uk/resources/startup.html">http://www.cfel.jbs.cam.ac.uk/resources/startup.html</a></p>
<p><b>Government-sponsored sites</b></p> <p><a href="http://www.businesslink.gov.uk">www.businesslink.gov.uk</a></p> <p><a href="http://www.mymas.org">www.mymas.org</a></p>	<p>Website providing general information on many topics but you will need more expert advice as you progress</p> <p>Manufacturing Advisory Service offering advice (sometimes free) on improving manufacturing processes: <i>“We work for manufacturers. We can help shape your business strategy, create new products, reduce waste and review supply chains.”</i></p>
<p><b>Start-ups</b>  <a href="http://www.startups.co.uk">www.startups.co.uk</a></p>	<p>See section on starting a business:  <a href="http://www.startups.co.uk/start-a-business">http://www.startups.co.uk/start-a-business</a></p>
<p><b>Start In Business</b>  <a href="http://www.startinbusiness.co.uk">www.startinbusiness.co.uk</a></p>	<p>General website providing advice and opportunities.</p>
<p><b>Banks</b></p>	<p>Most banks offer free advice, booklets, on-line courses etc</p>
<p><b>Networking</b></p>	<p>There are lots of networking opportunities, many of which provide interesting talks on technology and business as well as providing an opportunity to find potential suppliers and customers.</p> <p>Visit several groups and clubs and keep in touch with (and become involved with) those of relevance to you. Beware of those that try to get you to buy only from other members.</p>

**Appendix D: Books about starting-up a company**

Author	Title	Comment
Mike Southon & Chris West	<p><b>The Beermat Entrepreneur: Turn your good idea into a great business</b></p> <p>See also the more in depth follow-up books  <b>Sales on a Beermat</b>  <b>Marketing on a Beermat</b>  <b>Finance on a Beermat</b></p>	<p>Very good overview of the challenges and fun of developing business. Geared to developing a technical company but has useful general points.</p> <p>Includes a useful discussion on the role of a part-time Finance Director (what I act as!)</p>
Caspian Woods	<p><b>From Acorns...how to build your brilliant business from scratch</b></p>	<p>General book with useful check-lists and questionnaires</p>
Colin Barrow	<p><b>Starting a business for Dummies</b></p>	<p>Quite detailed book from an expert in small businesses</p>
John Mullins	<p><b>The New Business Road Test</b></p>	<p>Very useful book, especially if thinking of setting up a business that will grow and will need funded.</p>
Jack Lang	<p><b>The High-Tech Entrepreneur's Handbook</b></p>	<p>Good overview of key elements to consider when developing a product-based IT company.</p>

## **Appendix E: Extract from Companies Act 2006 (UK)**

### **Chapter 2: Accounting records**

#### **386 Duty to keep accounting records**

- (1) **Every company must keep adequate accounting records.**
- (2) **Adequate accounting records means records that are sufficient—**
  - (a) **to show and explain the company's transactions,**
  - (b) **to disclose with reasonable accuracy, at any time, the financial position of the company at that time, and**
  - (c) **to enable the directors to ensure that any accounts required to be prepared comply with the requirements of this Act (and, where applicable, of Article 4 of the IAS Regulation).**
- (3) Accounting records must, in particular, contain—
  - (a) entries from day to day of all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place, and
  - (b) a record of the assets and liabilities of the company.
- (4) If the company's business involves dealing in goods, the accounting records must contain—
  - (a) statements of stock held by the company at the end of each financial year of the company,
  - (b) all statements of stocktakings from which any statement of stock as is mentioned in paragraph (a) has been or is to be prepared, and
  - (c) except in the case of goods sold by way of ordinary retail trade, statements of all goods sold and purchased, showing the goods and the buyers and sellers in sufficient detail to enable all these to be identified.
- (5) A parent company that has a subsidiary undertaking in relation to which the above requirements do not apply must take reasonable steps to secure that the undertaking keeps such accounting records as to enable the directors of the parent company to ensure that any accounts required to be prepared under this Part comply with the requirements of this Act (and, where applicable, of Article 4 of the IAS Regulation).

#### **387 Duty to keep accounting records: offence**

- (1) **If a company fails to comply with any provision of section 386 (duty to keep accounting records), an offence is committed by every officer of the company who is in default.**
- (2) It is a defence for a person charged with such an offence to show that he acted honestly and that in the circumstances in which the company's business was carried on the default was excusable.
- (3) A person guilty of an offence under this section is liable—

- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
- (b) on summary conviction—
  - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
  - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).

**388 Where and for how long records to be kept**

- (1) A company's accounting records—
  - (a) must be kept at its registered office or such other place as the directors think fit, and
  - (b) must at all times be open to inspection by the company's officers.
- (2) If accounting records are kept at a place outside the United Kingdom, accounts and returns with respect to the business dealt with in the accounting records so kept must be sent to, and kept at, a place in the United Kingdom, and must at all times be open to such inspection.
- (3) The accounts and returns to be sent to the United Kingdom must be such as to—
  - (a) disclose with reasonable accuracy the financial position of the business in question at intervals of not more than six months, and
  - (b) enable the directors to ensure that the accounts required to be prepared under this Part comply with the requirements of this Act (and, where applicable, of Article 4 of the IAS Regulation).
- (4) Accounting records that a company is required by section 386 to keep must be preserved by it—
  - (a) in the case of a private company, for three years from the date on which they are made;
  - (b) in the case of a public company, for six years from the date on which they are made.
- (5) Subsection (4) is subject to any provision contained in rules made under section 411 of the Insolvency Act 1986 (c. 45) (company insolvency rules) or Article 359 of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)).

**389 Where and for how long records to be kept: offences**

- (1) If a company fails to comply with any provision of subsections (1) to (3) of section 388 (requirements as to keeping of accounting records), an offence is committed by every officer of the company who is in default.
- (2) It is a defence for a person charged with such an offence to show that he acted honestly and that in the circumstances in which the company's business was carried on the default was excusable.

- (3) An officer of a company commits an offence if he—
  - (a) fails to take all reasonable steps for securing compliance by the company with subsection (4) of that section (period for which records to be preserved), or
  - (b) intentionally causes any default by the company under that subsection.
- (4) A person guilty of an offence under this section is liable—
  - (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine (or both);
  - (b) on summary conviction—
    - (i) in England and Wales, to imprisonment for a term not exceeding twelve months or to a fine not exceeding the statutory maximum (or both);
    - (ii) in Scotland or Northern Ireland, to imprisonment for a term not exceeding six months, or to a fine not exceeding the statutory maximum (or both).

## **Appendix F: axiom-essentials ([www.axiom-e.co.uk/essentials](http://www.axiom-e.co.uk/essentials))**

Our axiom-essentials service can cover any or all of the following services

### **Corporate structure**

- Incorporating a company
- Ensuring the desired legal structure is in place
- Appointing Directors and Company Secretary
- Issuing shares
- Preparing initial Board Minutes
- Registering for corporation tax
- Registering for a PAYE scheme
- Registering for VAT

### **Funding**

- Applying for a bank account and negotiating banking facilities
- Advising on funding requirements
- Preparing a Business Plan
- Negotiating with potential funders

### **Legal and Company Secretarial Matters**

- Preparing a comprehensive Company Secretarial file which axiom-e can manage for you if engaged as your company's Company Secretary
- Establishing a registered office
- Working with highly regarded firms of solicitors to provide the legal support your company requires as it starts and develops.

### **Accounting and Financial Administration**

- Setting up an accounting system
- Establishing management reporting systems
- Bookkeeping
- Payroll (via specialist companies)

### **Internet Presence**

- Obtaining appropriate domain names
- Developing a website
- Developing on-line sales facility

### **Other Administrative Matters**

- Insurance
  - review requirements
  - negotiate with suppliers
- Personnel (under our axiom-employment service)
  - Recruitment (via specialist companies)
  - Personnel strategies
  - Remuneration policies
- Health & Safety
- Corporate branding
  - designing a logo and corporate stationery (letterhead, business cards, adverts etc)

## **Appendix G: Essential tips for entrepreneurs**

The following tips are from Carla Young, an entrepreneurial publisher of [momeomagazine.com](http://momeomagazine.com), and not from a text-book. Like the advice Axiom-e provides, the following is earthed in practical reality. For more of her tips, follow @CarlaYoung on Twitter.

### **10 Things Every Entrepreneur Should Know BEFORE Starting**

If I could go back and write the book on what every entrepreneur should know before starting a business and send it to myself with a little card that said, "Read this FIRST", this is what I would tell myself (and every other start-up entrepreneur like me):

#### **#1: Change is inevitable (and necessary)**

The business you start today is likely vastly different from your business of the future. It's impossible to predict how your business will change and evolve because it's impossible to know all the potential factors that will require it.

Just know that it will happen and that's okay. Create your web site, print your brochures and business cards, announce your new venture – just leave yourself a little breathing room to change and grow, okay?

#### **#2: Your customer database is your #1 asset**

Starting from day one, build your database of contacts, resources, customers, industry peers, partner organizations because all will be valuable now and in the future.

Every person is a potential connection to exactly who you need to connect with, every subscriber is a potential customer of whatever new product or service you launch in the future, every industry peer is a potential joint venture partner so build a detailed database now!

#### **#3: What you are selling isn't what they are buying**

I love the marketing adage "No one ever bought a drill because they wanted a drill; they bought a drill because they needed a hole."

What you are selling (your product or service) isn't what your customers are buying (happiness, peace of mind, status, relief from pain). Focus your marketing on what they are buying and less on what you are selling!

#### **#4: Prepare for both the worst case AND the best-case scenarios**

It's impossible to start a business without planning for the worst-case scenarios. Chances are you have planned for higher costs, longer than expected returns on your investments and unexpected events.

Now plan for the 'Oprah factor' because that's just as big a threat as the worst-case scenarios. What happens if overnight, your widget becomes the greatest thing since sliced bread? Can you scale up to manage the demand? Can your operations support the growth?

#### **#5: Seek out strategic partners**

Strategic partners are your single best marketing resource because they already target your ideal customers and they can add value to your existing customers.

Strategic partnerships encompass everything from exchanging leads and referrals, to value-added programs for customers, to joint venture arrangements. Start building those relationships early.

**#6: Nothing beats the praise of a happy customer**

Did you know that on average, women make 107 word of mouth recommendations every week? Do the math and you will start to see the impact of every happy customer.

Ask yourself, "What is the WOW Factor that will have people talking about my business?" What will make customers remember AND talk about you to their friends? Deliver that.

**#7: Know your ideal customers (inside and out)**

Saying you target women within a certain age range and geography is a start, but you need to know more than just that about your customers...A LOT MORE!

When you know who you are targeting (and everything about what makes them tick), where they frequent, how they behave, and so on, then it's easy to find them, woo them, and surprise and amaze them with your delivery.

**#8: Passion is the best motivator**

Don't just start a business because it's a 'good idea' and it make sense because chances are you are using those words to describe a business that you aren't all that keen on.

Passion is the best motivator and you will need that when your office printer starts on fire and your clients are 3 weeks late paying your invoice. Doing what you love gives you the extra oomph to deal with the roadblocks and setbacks.

**#9: People buy from people**

Behind every single buying decision is a person and that person needs to know, like and trust your people. This holds true if you are B2B, B2C or B2Pets.

Everyone in your company – from the janitor to the senior executive represents your business, good or bad. Stellar branding, phenomenal marketing and an amazing product can be made or broken by your people.

**#10: Every business needs an exit strategy**

It's difficult to imagine when starting a business that you will ever want to exit, but the day will come when you will either want or need to do so.

Build an exit strategy. Are you going to hand it down to your employees or find a strategic partner to buy you out? Too often entrepreneurs miss an opportunity to cash-in on their years of work by closing up shop when an enthusiastic start-up is waiting in the wings.

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Source: <http://www.momeomagazine.com/smart-start-up-tips-10-things-every-entrepreneur-should-know-before-starting/> Posted by Carla Young (@CarlaYoung) on December 28, 2010

## 7 Things They Don't Teach You in Business School

It takes a lot to turn a spark of an idea into a full-fledged business reality – a LOT more than you can learn in textbooks or sitting in a classroom discussing abstract concepts. Call them intangibles – all the stuff that simply can't be taught, but must be learned in order to succeed as an entrepreneur.

### **#1: Confidence**

The one word you will hear a lot when you first get started is “No.” “No that will never work”, “No, unfortunately we awarded the contract to another company”, “No you can't do it THAT way.” A thousand “No's” before you get a “Yes”. The confidence to stick it out until you get there is critical!

### **#2: Improvisation**

The same intangible ability to take bubble gum, a paper cup and a straw, and turn it into something to entertain a fussy 3-year-old comes in darn handy when the expensive techno-thingie mysteriously breaks and the not-in-the-least-bit-helpful manual does not include a chapter on the particular glitch you (and only you) managed to undercover.

### **#3: Gusto**

The indescribable ability to get it done – whatever IT may be or whatever it may require you do. It's everything and anything from casually pulling out a business card at a PTA meeting in order to land a new client to getting an A-list blogger to cover your story through sheer force of will.

### **#4: Mindreading**

Call it what you will, but essentially all marketing is a form of mindreading. Business school only covers the technical aspects of it, but what you really need to understand is how your customers think and what buttons will get a response. From there, all that fancy-shmancy tracking and testing works wonders.

### **#5: Intuition**

There are lots of opinionated people out there who are more than happy to share their opinion on the direction you should be taking your business in. Sometimes their advice is helpful, other times it's a costly lesson on why you should trust your gut (and not the so-called experts).

### **#6: People Whispering**

This is a multi-purpose skill that comes in handy for dealing with annoyed customers, potential joint venture partners and members of your corporate team. It's the ability to get people to march to the beat of your drum, that special entrepreneurial charisma that attracts people to you (and your rather abstract start-up project).

### **#7: Selling Savvy**

Without the ability to close the deal, win the bid, negotiate the contract, get the customer to buy, you don't have a business. What you have is an expensive hobby. Learning how to bring in the business, even if you plan on outsourcing it down the road, is essential to your success with a capital E (with sparkly stars around it).

Source: <http://www.momeomagazine.com/smart-start-up-tips-essential-entrepreneurial-skills-7-things-they-don%E2%80%99t-teach-you-in-business-school/> Posted by [Carla Young](#) on July 12, 2011

## 21 Things We Wish We Knew BEFORE Starting in Business – Learn From Our Mistakes

### **#1: No matter how hard you try, you can't make more time**

When you make a list of everything you want to do, attach a time because that is the #1 limiting factor to getting it done.

### **#2: What stands between you and charging what you are worth is YOU**

Let's face it – if you say a number that is way too low, potential clients aren't going to tell you that they would pay more. But if you show the value and charge what is reasonable, the only thing between you and getting it is you. Just close your eyes and say the number!

### **#3: Three words matter more than any branding: KNOW, LIKE, TRUST**

People do business with those that they know, like and trust. Period.

### **#4: Build your tribe**

It doesn't matter where they are or what you call them – subscribers, followers, fans. The key is building a loyal tribe and giving them an easy way to stay connected to you!

### **#5: Too much money makes entrepreneurs stupid**

Bootstrapping is the best way to get started because it means you have to be creative to get stuff done.

### **#6: Dumping is not the same as delegating**

It happens – you get busy, then overwhelmed and so you hire someone in a fit of desperation and dump it all on them, thinking your problems are solved. Not true. You need to properly train and systematically delegate.

### **#7: If you don't have leverage, you just built yourself a job**

Trading hours for dollars is simply working a job for many employers. If you want to build a sustainable business, you need to look for opportunities to create leverage!

### **#8: A penny saved is a penny earned**

Just because you can call it a "Business Expense" and send it off to your bookkeeper doesn't mean you shouldn't keep an eye on the bottom line. Every penny you save by seeking out the best deal is a penny you don't have to earn.

### **#9: Invest in social currency**

Relationships online are the same as in person – they take time to develop and the payout is often immeasurable and down the road.

### **#10: If the client doesn't fit, don't work with them**

There is such a thing as a perfect client and no matter how tempting, if a potential client doesn't fit the perfect client profile, don't work with them!

### **#11: The key to networking is clarity**

If you can't explain what you do and how other people can either work with you or help you, they can't or they won't – and not because they don't want to.

**#12: People who want to “Pick your brain” will never buy**

Don't waste your time with people who want to pick your brain because it is always for free and never leads to you getting paid for your time or your expertise.

**#13: For every “Yes”, there is an automatic “No”**

Every time you say “Yes” to something, you are defacto saying “No” to something else – whether you acknowledge it or not.

**#14: Marketing is your first and most important job**

That means you, technicians – being good at what you do is just the start. You need to let people know about it.

**#15: Give word-of-mouth marketing a little nudge**

Remind your clients who are delighted with you to thank you by telling their friends. If you don't ask for referrals, people won't think to make them.

**#16: The best test of your systems is to LEAVE**

If you go away on holiday and everything goes sideways or you spend half your time managing your business remotely, start again. Your systems suck.

**#17: People matter. Find good ones.**

Need I say more? In a small business, your people can make or break you. Be particular about who joins your team.

**#18: First impressions matter and today that happens online**

That's a nice way of saying, “Think twice before hiring your second cousin who is fresh out of high school to do your web site for cheap.”

**#19: Seek synergistic channel partners**

The reason is simple: less effort, better results because you only need to establish a reciprocal partnership once for it to pay dividends again and again.

**#20: Know that your business will change and evolve**

And that's a good thing. Just don't do something silly like print 10,000 brochures that will be outdated in 3 months.

**#21: Get clear about your strategic priorities**

Know exactly what you intend to achieve in the next 30, 60, and 90 days and post it where you will see it every day!

Source: <http://www.momeomagazine.com/smart-start-up-tips-21-things-we-wish-we-knew-before-starting-in-business-learn-from-our-mistakes/> Posted by [Carla Young](#) on April 26, 2011