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4 CONSIDERATIONS WHEN STARTING A BUSINESS

Starting a business is one of the most exciting ventures any of our clients at Washington Avenue Advisors can begin.

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Starting a business is one of the most exciting ventures any of our clients at Washington Avenue Advisors can begin.

But along with the joy and challenge of bringing a new business, product, or service to the market, comes great risk and the need for excellent planning. Mitigating risk and knowing how and what to plan for relies heavily on the strategy that a CEO uses to bring their brand to market.

What many entrepreneurs focus on, especially at the start, is developing a product that differentiates them in the industry and raising capital. The belief is, with these two elements tucked under their wing, they will be well-positioned to open and turn a profit. But what many don't realize is that, while important, these are but two elements of thriving after opening day.

In this whitepaper, we will cover 4 Considerations When Starting a Business. More than just pieces of advice, these four ideas will help create a larger strategy that will get your business off the ground and keep it going strong after opening day.

After all, the goal for any entrepreneur isn't just to start a business, but to be able to manage it and have it grow and thrive as well. These four considerations will help you to do just that.

1.0 KNOW YOUR CUSTOMER NEEDS

Many new businesses have a product or service they believe will be a hit in the market. And much time and energy has gone into creating or perfecting that product. Think a new restaurant's type of cuisine, or a vacuum manufacturer's new technology. But if you think about places like McDonalds or home appliance creators like Dyson, what they have in common is an innate and powerful understanding of their customer's needs and wants.

Whatever products, services, or experiences they provide are reliably built upon their customers wants and needs, and a desire to take care of those customers.

That's why it's imperative that, even if you have a great product, you evaluate which customer is going to need it, and what specific need it will be satisfying. Otherwise, you risk putting time, effort, and attention into creating a business that no one is asking for, or perhaps too small an audience who will be unable to buy enough of your product of you to turn a profit.

Doing a market analysis or understanding the Product Market Fit are great ways to mitigate this pitfall when starting a business. And caring and listening to your customer's needs\wants should be a habit you continue long after the doors open for the first time. Surveys, reviews, comment sections, direct customer surveys, and more can help you to keep a listening ear to the ground.

2.0 FIND THE RIGHT FINANCING

The message many entrepreneurs hear is that they need to go to the bank and secure a loan or line of credit in order to open a business. And for many first-time business owners, that is a good route for them to pursue. But the truth is that there are many different ways of securing financing, and not all of them are appropriate for every kind of business venture. Some are better suited to other options.
Some of these include:

- Government grant
- Crowdfunding or crowd-sourced campaigns
- Pursuing financing from a venture capitalist
- Finding a startup-incubator to join
- Micro-lending
- Attracting angel investors
- Starting with a personal loan or line of credit

Again, as we said, not all of these are appropriate, and it will depend on the kind of business, longevity of said business, and other factors to determine which kind of financing is the right one for your new venture. Just know that there are many options available, and multiple should be pursued depending on the business you are starting.

3.0 KNOW WHAT THE END LOOKS LIKE

One of the issues that we see entrepreneurs frequently run into, is that they're not sure what the end of their business, or involvement in their business, is supposed to look like. Many work long and hard only to arrive at an impasse when it's time to sell or hand the business off. Still other start-up CEOs or other business owners don't want to think about that end point – perhaps they think it's too morbid. But understanding at what point you want to exit your company gives you clarity of mind to be able from the start. Maybe you're building a company to achieve maximum valuation and then be sold to a larger competitor or organization. Maybe you're building a firm that will need to be split between equal partners. Or maybe the business will run its course when you retire, and you will want to know how to dissolve its assets. No matter the case, you'll want to know what you're building your business for (legacy, acquisition, perpetual production, etc.) and how best to achieve it.

4.0 THE BUSINESS IS THE STAR, NOT THE OWNER

We've seen a lot of CEOs, especially ones with high charisma or a particular talent, build their businesses around themselves. If you're a motivational speaker or a business of one – that might be an acceptable strategy to use. But if not, then the business might be handicapped from the start if the marketing's focus is on the owner or founder, and not on brand itself. While it's perfectly acceptable and even strategically sound to place a high-profile figure as a brand ambassador or even as the voice of the brand, star power can be fickle and subject to the popular moment.

Most celebrities trend for a little while and then drop in popularity. Which is why it can be a risky and limiting move to focus the brand's marketing attention squarely on a rockstar owner or founder. Instead, consider that a marketing strategy should be an ecosystem, covering multiple parts, and giving the audience a wide view of the brand and its benefits. The wisdom, creativity, or insight from the founder or CEO should be but one of those parts.

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THE STRATEGY BEHIND YOUR BUSINESS

As we mentioned at the top, these 4 tips can be helpful in getting your business off the ground. When considering the overall strategy of your brand, remember that success doesn't hinge on any one consideration, but is the result of all the elements working in conjunction.

Marketing, business planning, financing, exit strategies, and more are only as useful as the strategy that ties them all together. In the short term, having manageable and achievable goals is paramount, especially when spaced out over twelve to thirty-six months. In the long run, having larger outcomes that act as broad milestones for your brand can be helpful to charting the success and profitability of your business.

Either way, the right strategy and planning is the cornerstone of any great and successful startup.

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