



INTRODUCTION

- Almost 70% of people who become self-employed do not prepare themselves properly for their new role and responsibilities
- Specifically, almost 90% do not study their market
- As a result, on average about 50% of all businesses in Europe fail within five years of starting.

These statistics should show you the importance of preparation and of carefully considering whether entrepreneurship is right for you – though you should also balance this with Paul Dickson's quote in the page margin.

Chapter structure

This chapter takes you through:

- What makes an entrepreneur?
- Self-assessment (including assessment of your business partners)
- Developing and testing your idea
- Market research
- Identifying future trends
- Feasibility study grants
- Training for entrepreneurs
- Start-up alternatives (buying an existing business, franchising and network marketing).

Key Questions

The Key Questions in the panel are designed to focus your thoughts as you read this chapter.

Think through your answers to these questions before you start to read the chapter. Then come back and write your answers in the spaces provided before moving on to the next chapter.

KEY QUESTIONS

1. Do you have the skills/experience needed to run a business?
 YES NO
2. Do you have sufficient motivation to stick with it for as long as it takes?
 YES NO
3. Do you have the support of your family?
 YES NO
4. Does your business idea test out?
 YES NO
5. Are you eligible for a Feasibility Study Grant?
 YES NO
6. Is your business:
 - > A start-up? YES NO
 - > Buy-in of an existing business? YES NO
 - > Franchise? YES NO
 - > Network marketing?
 YES NO
7. Do you need further training?
 YES NO
8. Are you ready to write your business plan?
 YES NO

OBJECTIVES

- Understand importance of preparation
- Answer Key Questions

Ignore all the statistics that tell you that 95% of all new businesses fail in the first eight years. Not only are these "statistics" riddled with widely wrong assumptions and false failure rates, but they don't apply to you. Dwelling on the statistics is like staying up to study divorce rates on your wedding night.

PAUL DICKSON

Whatever you think it's gonna take, double it. That applies to money, time, stress. It's gonna be harder than you think and take longer than you think.

RICHARD A CORTESE,
on starting a business



WHAT MAKES AN ENTREPRENEUR?

OBJECTIVES

- Identify entrepreneurial traits
- Identify success factors

Entrepreneurs are risk-takers, willing to roll the dice with their money or their reputations on the line in support of an idea or enterprise. They willingly assume responsibility for the success or failure of a venture and are answerable for all its facets. The buck not only stops at their desk, it starts there too.

VICTOR KIAM

The "entrepreneurial state of mind" is an attitude that says, in short: "I didn't just come to play the game - I came to win".

GORDON BATY

Entrepreneurship is the dynamic process of creating wealth, undertaken by people who assume a risk in terms of money, energy, time and/or career commitment of creating value through the provision of some product or service. The product or service may or may not be new or unique but value must somehow be created by the entrepreneur by securing and using the necessary skills and resources.

Why do people become entrepreneurs?

Research suggests four motives:

- Dramatic change in personal situation (unemployment, divorce)
- Availability of resources (idea, money)
- Certain entrepreneurial skills
- Example of another successful entrepreneur.

Typical entrepreneurial traits

The entrepreneur is the key to the successful launch of any business. He/she is the person who perceives the market opportunity and then has the motivation, drive and ability to mobilise resources to meet it.

Although it is difficult to describe a typical entrepreneur, they share certain characteristics or traits:

- **Self-confident all-rounder** – The person who can make the product, market it and count the money
- **The ability to bounce back** – The person who can cope with making mistakes and still has the confidence to try again
- **Innovative skills** – Not an "inventor" in the traditional sense but one who is able to carve out a new niche in the market-place, often invisible to others
- **Results-orientated** – To make the business successful requires a drive that only comes from setting goals and targets and getting pleasure from achieving them
- **Professional risk-taker** – To succeed means taking measured risks. Often the successful entrepreneur exhibits a step-by-step approach to risk-taking, at each stage exposing him/herself to only a limited, measured amount of personal risk and moving from one stage to another only as each decision is proved

- **Total commitment** – Hard work, energy and single-mindedness are essential elements in the entrepreneurial profile.

Note that the entrepreneurial characteristics required to launch a business successfully are often not those required for growth and, even more frequently, not those required to manage the business once it grows to any size. The role of the entrepreneur needs to change with the business as it develops and grows. In particular, the management skills of the entrepreneur – in managing staff, managing his/her own time, and in strategic planning – become more important as the business grows.

Success factors

Research suggests that successful entrepreneurs share some common factors. Which of the success factors in the panel below do you have?

SUCCESS & FAILURE FACTORS WHICH DO YOU HAVE?

- | | |
|-----------------------------------|--------------------------|
| 1. Hard work | <input type="checkbox"/> |
| 2. Perseverance | <input type="checkbox"/> |
| 3. Motivation | <input type="checkbox"/> |
| 4. Social skills | <input type="checkbox"/> |
| 5. Leadership | <input type="checkbox"/> |
| 6. Good management | <input type="checkbox"/> |
| 7. Integrity | <input type="checkbox"/> |
| 8. Guts | <input type="checkbox"/> |
| 9. Good health | <input type="checkbox"/> |
| 10. Common-sense | <input type="checkbox"/> |
| 11. Luck | <input type="checkbox"/> |
| 12. Support of family | <input type="checkbox"/> |
| 13. Clear initial goals | <input type="checkbox"/> |
| 14. Creativity | <input type="checkbox"/> |
| 15. Ability to accept uncertainty | <input type="checkbox"/> |



SELF-ASSESSMENT

Before you decide to start your own business, you should know that:

- The average working week of a self-employed person is 64 hours. In almost half of those businesses, the spouse/partner is also involved for another 21 hours (total, 85 hours)
- Most people do not increase their income by becoming self-employed
- One in five entrepreneurs do not earn anything in the first 18 months
- Support of the spouse/partner is a critical factor in the success or failure of a start-up business.

Running your own business demands a lot of commitment. It is both physically and mentally demanding. Therefore, it is very im-

portant to ask yourself why you want to become self-employed. This will take some soul-searching but it is vital to the decision to go ahead. If your motivation is not strong enough, you will not last.

You also need to be sure that you have your family's support.

Self-assessment

The questions in the panel below and on the next page will help you assess your own suitability for starting and running a business. Write your answers in the spaces provided.

Copy this page and the next so that your business partners can answer the questions too.

OBJECTIVES

- Need for commitment
- Need for family support
- Self-assessment

Beware of undertaking too much at the start. Be content with quite a little. Allow for accidents. Allow for human nature, especially your own.
ARNOLD BENNETT

Anyone who wants to achieve a dream must stay strong, focused and steady.
ESTEE LAUDER

I do not believe a man can ever leave his business. He ought to think of it by day and dream of it by night.
HENRY FORD

	Is this a Strength or a Weakness?	
	S	W
What personal motivation do you bring to the business?		
What skills do you bring to the business?		
What experience do you bring to the business?		
What training/education do you bring to the business?		



Is this
a Strength or a
Weakness?
S **W**

What supports do you bring to the business?

- Network of useful contacts YES NO
- Support of your partner/spouse YES NO
- Support of your family and friends YES NO
- Finance • _____ YES NO
- Other (list)

What personal characteristics do you bring to the business?

- Health Good/OK/Bad
 - Endurance Good/OK/Bad
 - Flexibility Good/OK/Bad
 - Creativity Good/OK/Bad
 - Honesty Good/OK/Bad
 - Confidence Good/OK/Bad
 - Ability to handle stress Good/OK/Bad
 - Other (list)
- Good/OK/Bad
Good/OK/Bad
Good/OK/Bad

What time commitments do you bring to the business?

- Social activities _____ hrs/week
 - Family _____ hrs/week
 - Hobbies _____ hrs/week
 - Other (list)
- _____ hrs/week
_____ hrs/week
_____ hrs/week
_____ hrs/week
- Total time commitment outside the business _____ hrs/week
- How much could you reduce these to make time for the business? _____ hrs/week

What financial commitments do you bring to the business?

- Household expenses • _____/week
 - Loan repayments • _____/week
 - Savings/pension • _____/week
 - Hobbies/holidays • _____/week
 - Other (list)
- _____/week
• _____/week
• _____/week
- Total financial commitments • _____/week
- How much could you reduce these to develop the business? • _____/week



Relationship with family

Your relationship with your family is going to change because of your new business.

You will no longer have a regular income – some months you may have no pay-check at all. Can your family survive on what your spouse/partner earns?

You will be working long hours, through weekends and at times when other people are off. Your working hours will be irregular – nothing to do for periods and then several urgent jobs all to be done at once. You will be under pressure, since you will no longer have a boss to take the final responsibility for everything – you will now be the boss.

You will have more at risk than just your money – your reputation, savings, borrowings, even your ego are also at risk.

All this will affect your relationship with your family. Are you ready?

Why not discuss the situations in the panel with your family? It will help you – and them – understand what lies ahead and how you will react to the choices that may need to be made.

Think positive

Don't be alarmed by this section on Self-assessment. It is merely pointing out the reality of self-employment. If you don't believe it, check with someone you know who has recently started their own business.

And above all – don't let this put you off. There are positive sides to running your own business:

- You can organise your own working hours
- You can do the tasks you like to do and pay other people to do the things you dislike
- You are in control of your own destiny
- You learn a lot
- You deal with all kinds of different situations
- You deal with a lot of different people
- You get a great sense of achievement
- People respect and admire entrepreneurs.

SITUATIONS TO DISCUSS WITH YOUR FAMILY

1. The kids need new shoes. The business needs a new piece of machinery that costs •100. There is only •100 in the bank. Which comes first?
2. A big order comes in (Congratulations!). For the next two weeks, you need to work at least 14 hours every day (including weekends) in order to meet the order. It is also your turn to look after the kids. What are you going to do?
3. You promised your spouse/partner a night out. That night a client insists on meeting you. Which comes first?
4. You have booked a holiday and the whole family is really looking forward to it. Suddenly, the person who was supposed to look after the business while you are away cancels. You cannot find another replacement on such short notice. What happens?
5. A deadline needs to be met. You get ill. Who will take over the running of the business while you are out sick?
6. The business is not going as well as expected. Your business needs an extra loan to survive. Your partner/spouse wants you to quit. What happens?
7. Your business has a cash flow problem. As a result, you have not been able to take out a salary for the past two months and some of your household bills (telephone, gas, electricity) are running behind. How long will that be acceptable to your partner/spouse?

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ANSWER THESE QUESTIONS BEFORE MOVING TO THE NEXT SECTION

Do you accept the changes the business is going to bring to your life?

- | | | |
|--------------------------|------------------------------|-----------------------------|
| Financial insecurity | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Long working hours | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Irregular working hours | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Pressure | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Risk | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Relationship with family | <input type="checkbox"/> YES | <input type="checkbox"/> NO |



DEVELOPING & TESTING YOUR IDEA

OBJECTIVES

- Understand thinking processes
- Understand how to develop an idea

One sound idea is all you need to achieve success.
NAPOLEON HILL

I work from details outward to the general and I don't stop developing big ideas until I have worked out the minutest detail.
RAY KROC, McDonalds

We haven't got the money, so we've got to think.
LORD RUTHERFORD

Attempt the impossible to improve your work.
BETTE DAVIS

Why should it be done at all?
 Why should it be done now?
 Why should it be done that way?
HERBERT BAYARD SWOPE

What kind of business are you thinking about?

- | | | |
|------------------------------------|------------------------------|-----------------------------|
| Are you going to manufacture? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Are you starting in retail? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Are you starting in wholesale? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Are you going into import /export? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Are you starting a service? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Are you starting in leisure? | <input type="checkbox"/> YES | <input type="checkbox"/> NO |

Describe your idea:

Developing your idea to its fullest potential involves creative thinking.

This section provides an overview of some of the most common creative thinking techniques. They will help you to identify new ideas, develop your existing idea and create new opportunities.

Thinking

We all think in two stages. The first stage is to look, simplify what we see, recognise and name what we see, then filter it through our experience and knowledge. In the second stage, we then judge and conclude. Unfortunately, we spend most of our time thinking in the second stage. With creative thinking, most of the time is spent in the first stage of thinking.

Look below. What do you see?



Your answer is probably: "A black dot".

Yes, there is a black dot, but there is also more text, a numbered list, etc. By jumping straight into second stage thinking, you missed all the surroundings.

You did not take time to sit back, relax and look a little bit longer. You rushed for the obvious answer. But, by taking time to step back, you will see more and, by seeing more, you will also see more possibilities. That is the idea behind creative thinking.

As an entrepreneur, it is important to spend time looking at your idea and trying to come up with new possibilities, extra features,

alternatives, etc. This will not only give you an even better understanding of your idea, it will improve it and will make you more competitive. This kind of creative thinking should be an ongoing process to keep your business competitive.

Steps in creative thinking

1. *Move away:*
 - Widen perception
 - Question assumptions (Why not? What if?)
 - Break the rules
 - Make associations.
2. *Bring yourself back into the real world:*
 - Evaluate
 - Judge
 - Tried before?
 - Will it work?

Technique 1: Brainstorming

1. Get a group together (Four people is the minimum, preferably more)
2. Define a problem and discuss it
3. Redefine the problem
4. Practice run to warm up the mind – How many uses can you find for a paperclip?
5. Brainstorming
 - > Aim to generate as many ideas as possible
 - > All ideas are acceptable
 - > The crazier the idea the better
6. Select the craziest idea and brainstorm that idea for a while.



DEVELOPING & TESTING YOUR IDEA

Technique 2: Attribute listing

This technique is best used when you are thinking of adapting or developing an existing product or service.

Take the particular product and list its attributes: For example, shape, size, design, materials, colour, functions and cost. Then take each attribute and try to find as many alternatives to it as possible.

Technique 3: Who, what, where, when, why, how

Tease out different perspectives and ideas with any product, service, problem or situation, using the six prompts above.

Technique 4: Assumption-smashing

List the assumptions of the problem or idea, then explore what happens if you drop assumptions. For example, why assume that this product should be made of

plastic. What if it were made of something else?

Technique 5: Discontinuity

Disrupt your own patterns:

- Programme interruptions in your day
- Do something you have never done before or read something you would not normally read
- Watch some different TV programmes.

Putting it into practice

Developing an idea is only part of the battle. The idea must also work in practice. Therefore, it is important to ask yourself some critical questions about your business and your product/service. Write your answers below.

Copy this page and the next page before answering the questions, so that you can use these pages to develop and test other ideas later.

		Is this a Strength or a Weakness?	
		S	W
1. Why is it a good idea?			
2. On what assumptions is that opinion based?			
3. How can you prove that those assumptions are correct?			
4. What types of customer will be interested in your product/service?			
5. Why?			
6. List four reasons why the idea may not work:			
•			
•			
•			
•			



Is this a Strength or a Weakness?	
S	W

7. List four reasons why your idea **will** work:

8. What is different about this idea from others already in the market-place?

9. Why are those differences important?

10. What if ... you changed the product/service in some way?

Make a list of people you know who might be able to help you with the research or whose opinion you trust. Ask their opinion about your idea. Ask them to be critical and honest.

Name

Opinion

MARKET RESEARCH



Marketing is about keeping your customers central in your thinking, behaviour and planning. To do that, you need a combination of information, vision and creativity. One of the techniques to get information is market research, which has three functions:

- **Informing** – Consumer behaviour, market trends, developments abroad
- **Evaluating** – Are goals achieved?
- **Experimenting** – Testing markets or products.

Why do market research?

Market research is the core of your business and business plan. It is important that you:

- Are aware of market developments
- Find out for yourself whether you can approach people at all kinds of levels
- Find out whether you can sell (if not, you will have to find someone to do it for you)
- Find out whether there is a market for your product/service, how big it is, how it can be reached, etc
- Are well prepared before you commit funds (your own or other people's) to your business
- Are able to show potential financiers that you have taken the trouble to gather the necessary information
- Are able to show that you know your stuff.

But the overwhelming reason for doing market research is to prove the commercial viability of your project.

Making your market research practical

Market research is often considered by entrepreneurs to be too theoretical to be bothered with. That's both dangerous and wrong: Dangerous because without market research you may start a business for which there is no demand; wrong because market research can be very practical.

Practical market research includes things as simple as:

- Counting the cars on your competitors' parking lot (to tell you how many customers they get and how well-off they are)
- Counting the people passing by the premises you are planning to rent (big

stores like Marks & Spencer sometimes do this for months before deciding on a location for a new shop)

- Counting the waste bags outside the back-door of a restaurant (to give you some idea of the volume of their business)
- Checking the number of trucks delivering supplies to competitors (on the basis that level of their purchases gives you an insight into their sales)
- Counting the numbers of customers walking into a competitors' office/shop
- Knocking on every door in a housing estate in which you are planning to open an outlet (to ask whether there is a demand, at what price, etc.)
- Collecting all your competitors' brochures and price lists (to find out what they are offering and at what prices)
- Checking where your competitors advertise and how big an advertisement they take.

Note that market research should be an ongoing process. It should not stop after the business has started but should become an integral part of your business.

Sources of information

When you are looking for information as part of your desk research, there is an almost endless list of sources of information, including:

- Your local library
- Central Statistics Office (www.cso.ie)
- Enterprise Ireland (www.enterpriseireland.com)
- Government Publications Office
- Government Departments and State agencies (www.irlgov.ie/www.basis.ie)
- Business magazines and trade journals
- Newspapers – National and local
- Banks
- Enterprise Link – 1850 35 33 33
- Business Innovation Centres
- County Enterprise Boards (www.etradebusinessireland.com)
- Area Partnership Companies
- LEADER companies
- Professional associations/trade bodies
- Telephone directories
- Trade exhibitions and conferences
- Competitors' catalogues, brochures and price lists

OBJECTIVES

- Understand market research techniques
- Apply them to own product/service

Three-quarters of all entrepreneurs start up without doing any market testing to establish whether there is demand for their product/service. Only three in ten carry out market research to determine whether a market exists for their business in the first place. Fewer still – one in five – draw up a detailed customer profile to build up knowledge about their prospective customers and their buying habits. Knowing who your customers are and why they will buy from you, rather than from your competitors, should be a crucial part in deciding how a business will fit into the market and whether it is likely to succeed. Those that do not assess their long-term market potential and overall competitive stance may risk early closure or failure.

BARCLAYS BANK



- Professional advisers (accountants, solicitors, consultants)
- Friends
- Chambers of Commerce (www.chambersireland.ie)
- Customers (existing or potential)
- Local authorities
- Internet (use the examples above or the www.startingabusinessinireland.com website).

Many of these sources will give you information free of charge, or at very little cost. Recognise their help where you can – even with just a “Thank You”. You’ll be amazed at how much it will be appreciated – and how much you will benefit when you go back for more information.

Remember:

- Seek information from a variety of sources, not just from the “experts”
- Get feedback from a variety of sources
- Let people play “the devil’s advocate” and argue against you
- Ask “stupid” questions – You will get some very clever answers
- Look around for yourself – Don’t assume anything.

Doing your own market research

Your market research should be structured to make sure you collect all the information you need. The structure depends on your product/service, your budget and the time you have available but ought to cover:

1. **Problem definition** – What do you want to find out?
2. **Desk research** – Consulting directories, magazines and newspapers and the Internet
3. **Pre-study field research** – A first test to see whether you are on the right track

4. **Concept questionnaire** – Your initial questions
5. **Testing the questionnaire** – Make sure that the questions can be understood and will give you useful answers
6. **Field research** – Asking the questions
7. **Data processing** – Processing the results
8. **Reporting** – The final stage.

Research techniques

There are many ways of researching your idea, including:

- **Qualitative/quantitative** – Quantitative involves researching figures and percentages; qualitative means researching opinions, reasons why, etc.
- **Consumer/distribution/industrial** – You can research the end user of your product, how the product is brought to the end user, or how the product is made
- **Questionnaires/observation** – You can ask people personally, by mail, by phone, or observe their behaviour (which may be different from what they tell you)
- **Ad hoc/panel** – You can do once-off research, or research a panel for a longer period of time
- **Group/single** – You can interview a group of people or every person in your sample individually
- **Open/half open/closed questions** – You can ask open questions (no control over the answer), half-open questions (give different options), or closed questions (yes or no).

The starting point is to define the problem – What do you want to know? Write it down in the space below.

When you start your desk research, collect information from as many sources as possible. List in the panel opposite the sources of information you intend to use.

I expect my market research to tell me:

MARKET RESEARCH: A CASE STUDY

A Japanese company had plans to build a paper factory in Georgia, USA. They thought it would be useful to know the production capacity of the local competitors. But these figures were not readily available. So the company started counting the number of train wagons leaving the factories. This gave them the volume of production. Although the wagons were closed, the residue left on the rails after the train had passed told them what the train was carrying. Volume multiplied by content gave them the production capacity of the competitors’ plant.



After you have completed the desk research (and only then), start designing a questionnaire for the target customer groups you have identified. This will need some research in the target groups itself (location, availability, language, level of questioning, perceptions, etc.).

Choose research techniques from the following:

- Group discussion
- Questionnaire by direct mail
- Direct questioning
- Questioning by phone.

Based on the techniques you have chosen, design a questionnaire. Go back to basics. Ask yourself: Who? What? Why? When? Where?

Make a list of questions you want to ask in the second panel. Copy the panel so that you can use it again.

Select only the most relevant questions. Depending on the approach you plan to take, you may need to take the length of the questionnaire into consideration. If the questionnaire is too long, people won't want to answer it – especially in the case of direct mail or questioning over the phone. Then test the questionnaire with a small group of people to make sure that it is clear and user-friendly. If you get a poor response here, redesign your questionnaire and test it again.

When the questionnaire is complete, you are ready to do the field research. If your aim is to get quantitative information, the number of people questioned should be sufficient to be statistically valid (minimum between 500 and 1,000).

Note that it's quite usual to get a very low response rate to questionnaires, hence the need for large numbers and some creativity.

Reporting results

It is useful to write a report on the results of your desk and field research.

When writing the report, it is important to bear in mind who it is written for.

Make sure you include:

- Definition of the problem
- Description of techniques used
- Results of research
- Reliability of the information (sources of information, validity of statistics)
- Copy of questionnaire.

Remember that the more time spent on this market research phase before you start your business, the more it will benefit you in future stages. What you are doing here is, in effect, laying the basis for your Business Plan.

POTENTIAL SOURCES OF INFORMATION

QUESTIONNAIRE DESIGN: QUESTIONS TO ASK

MARKET RESEARCH CHECKLIST

Does your market research cover:

- Market size YES NO
- Market structure YES NO
- Market trends YES NO
- Market potential YES NO
- Market share YES NO
- Competitor activity YES NO
- Competitor prices YES NO
- Competitor products/services YES NO
- User attitudes/behaviour YES NO
- Government factors YES NO
- Economic factors YES NO
- Demographic factors YES NO



IDENTIFYING FUTURE TRENDS

OBJECTIVES

- Be aware of existing trends
- Consider future trends

You have to look where the (hockey) puck is going to be, not where it is now.

WAYNE GRETSKY

If you want to be in business for a long time, you need to develop a vision of the future and the place of your business in that future. You need not only to be aware of the trends in your market area (technology, competition, trade regulations, etc.) but also have a sense of the general direction in which the world is developing. Questions to consider are: What will Ireland look like in 2010 – or even in 2025? Where will your business fit? What should you be doing to prepare?

Consider these current trends:

- To protect themselves from crime and hostility, people are retreating into the safe environment of the home
- People want to do exciting things but want to be safe – emotional escape in a risk-free fantasy world. Consider changes in food (exotic meals), shopping (fun shopping), interactive movies and games, etc.
- Luxuries are no longer big purchases but include “rewards” like handmade chocolates, week-end breaks and expensive restaurant meals. Spending patterns are becoming less predictable
- Technology allows products to be focused on very specific needs
- People are less concerned about job security and more willing to change jobs several times during their careers to pursue new opportunities
- Consumers are more health-conscious and critical about the behaviour of companies and the quality of products and services
- People have higher expectations of life. They want to achieve more – often materially
- Time is a major factor in most people’s lives. They feel a need to cram activities into the day (reading, movie, theatre, socialising, being a good parent or partner, do a course, make a career, etc.)
- Older people stay healthier much longer and age does not dictate the pace of life any more. Old people act young
- Society and business is more and more influenced by women.

Read science fiction. Much of what was written as science fiction 20 or 30 years ago is now part of our everyday lives.

Train yourself to watch trends. Look for:

- Changes in food, new products, trendy restaurants
- The introduction of new products (failures and successes)
- Changes in family structure
- Changes in demographics
- Changes in work environment
- Changes in environmental behaviour
- Whether there is optimism or pessimism in relation to the economy
- New cultures
- New words (Internet Nanny, search engine, dinky)
- Science fiction becoming real.

Watch for the balancing impact of the Action = Reaction principle. For example:

Action

- Rapid change of technology, increasing role of computers
- Globalisation of markets due to easy access of information and technology
- Re-engineering, jobs replaced or supported by use of new technology
- Multi-cultural influences due to all information available

Reaction

- Back to nature in response to technology
- Back to old values/culture as those things are familiar to us
- Back into our homes to protect us from the outside (hostile) world
- Filters on information (for example, the Internet Nanny)
- Simplifying information
- Escapism in movies, computer games, adventure trips, etc.
- To balance the stress, “perks” to cheer us (massage, fancy dinners, clothes, etc.).

Some other things to think about:

- The use of drugs for specific purposes (memory enhancers, warfare)
- Development of genetic engineering
- The role of computers and telecommunications in our society
- Nano-technology (machines the size of an atom).

What are your predictions for Ireland in 2010 and 2025? Write them down. Where does your business fit within this?



FEASIBILITY STUDY GRANTS

Researching your idea before starting your business may not cost you much in cash terms but during this time you may not be earning anything.

However, you may be eligible for a feasibility study grant from your local Enterprise Board, which may cover up to 50% of the agreed cost of the research stage up to a maximum of €6,000. The actual amount is dependent on the needs shown in your Business Plan or application.

Getting a grant

Your first step should be to check with your local Enterprise Board – you can access a central list of their websites at www.etradebusinessireland.com.

Generally, to be eligible for a feasibility grant, you must:

- Be an individual, community group or company
- Be investigating a new manufacturing product or process (CEBs fund services)
- Apply before beginning the study
- Carry out most of the work in the State
- Not repeat work that has previously produced negative results (whether carried out by you or someone else)
- Not seek aid from any other State body for the cost of this project.

If your study is in an area already known to have over-capacity, you are unlikely to be given a grant. Since these areas obviously change from time to time, check before starting work on your application.

Eligible studies currently include:

- Market research
- Preparation of costings and financial projections
- Assessment of manufacturing processes
- Assessment of suitable plant and equipment, etc.
- Sourcing of raw materials
- Negotiation with potential joint-venture partners
- Negotiation of manufacturing licences.

The application process involves providing much of the information that you would include in your Business Plan (see the next chapter, **STEADY**), an explanation of the

work involved in the feasibility study, and the costs involved. Application forms vary but each will set out the information required.

Success

If your application is accepted (this can take up to two months during which you cannot proceed with your study), you will receive a letter of offer.

Read this letter carefully. Query any parts of it that you do not understand. It will be against this document, not your original application, that your expenditure will be checked before any grants are paid out to you. Make sure that you know what the terms of the grant-aid are and keep to them. Be sure to sign and return the letter of offer within the time-period indicated – otherwise the grant-aid may lapse.

You can then – **and only then** – start work on the study. You must not start before you get grant approval.

Claiming the grant

When the study is completed, you must submit a report and a note of your costs, including receipts. Generally, grants from Enterprise Boards are conditional on tax clearance. Form TC1 should be completed when applying to the Revenue Commissioners for a Tax Clearance Certificate. You will be given a form by the CEB, if appropriate. Note that feasibility grants, like other grants from Enterprise Boards, are not taxable as income.

Making sure you get a grant

The feasibility study grant is an important tool in developing your business. If you are eligible, it is definitely worth applying, since it spreads some of the costs of the research stage.

Like all State grants, the feasibility grant scheme is there to help winning projects to achieve success. If your project is badly researched, poorly presented and lacks verifiable evidence that it could be a winner, your grant application is likely to be unsuccessful.

Aim at a well-organised application that has as much information as possible. Ensure that the commercial potential of your project is clearly researched and presented. If possible, discuss your application with an adviser before making a formal application.

OBJECTIVES

- Understand purpose of Feasibility Grants
- Identify sources of Feasibility Grants
- Understand method of application



TRAINING FOR ENTREPRENEURS

OBJECTIVES

- Be aware of different training needs at different stages
- Be able to prepare a training needs analysis
- Identify sources of training for entrepreneurs

Potential entrepreneurs need (or may need, depending on their circumstances) three kinds of training:

- Training in the specific stages/ techniques of starting up a business
- Training in specific skills useful for a start-up, which they lack from previous experience
- Training in specific skills useful once the business is up and running, which they lack from previous experience.

Few people have the first, since training for start-ups is not on many school or college curricula. This guide, and many of the books and websites listed in **Appendix 2, Further Information**, attempt to fill the gap. There are also “Start Your Own Business” courses available from a variety of sources to meet this need.

Training Needs Analysis

Training in other skills, whether pre- or post-start-up, requires a Training Needs Analysis. This simply means that you list your present skills, compare them against the skills you believe that you need and plan to do something about the difference.

Answer the questions on the next page to prepare your own Training Needs Analysis. Your business partners should also complete this analysis – copy the page before you complete it so that they can use it too.

Sources of training

There are many organisations that provide training in specific subject areas – however, only a few provide a general training in entrepreneurship or how to start a business.

Organisations to contact for information on training (especially in relation to start-ups) available to entrepreneurs include:

- Enterprise Link (1850 35 33 33)
- FÁS (www.fas.ie)
- Your local City/County Enterprise Board or Area Partnership Company
- Project Development Centre (www.pdc.ie)
- Institute of Business Planning (www.instbusplan.com/ www.tenbizplan.com)
- Cross Border Technology Enterprise Start-Up Programme

- Graduate Food Enterprise Development Programme, Regional Development Centre, Dundalk Institute of Technology (www.dkit.ie/rdc)
- M50 Enterprise Platform Programme, Institute of Technology Tallaght (www.it-tallaght.ie/externalservices).

Note that courses vary widely in their quality. Talk to people who have already taken the course you are considering and get their opinions. Always insist on quality in your training. Remember that the way you are trained will directly affect the quality of your business.

Remember also that you cannot know everything. Whatever your own background, you will have to buy in some expertise – from accountants, solicitors, computer experts or consultants. But to give yourself a general understanding of a range of topics, even if the detailed work is done by someone else, attend courses outside your own immediate area of interest.

TRAINING CHECKLIST

Before you commit to a course, check:

- **Time necessary to do the course versus time available** – There is no point starting a course if you don't have the time to do it
- **Entry level** – Have you got the necessary educational background/ practical experience to benefit from the course?
- **Background of participants** – Who are the other people on the course? Will their needs be different from yours (and prevent you from achieving your training objectives)?
- **Course programme** – What does it cover? Is this relevant to you?
- **Costs** – How much does the course cost? Are there grants available? Do you qualify for a grant?
- **Available back-up support** – What happens if you have problems during the course? Afterwards?
- **Accreditation** – Is the course officially recognised? Do you get a certificate on completion?



TRAINING NEEDS ANALYSIS

1. List your skills:

Of use to the business?

- YES NO

2. List your practical experience:

Of use to the business?

- YES NO

3. What skills do you think you need to start your business?

-
-
-
-
-

4. What skills do you think you need to run your business, once it has been started?

-
-
-
-
-

5. What skills are you missing?

-
-
-
-
-

6. What existing skills would you like to improve?

-
-
-
-

7. What training do you need?

-
-
-
-



START-UP ALTERNATIVES

OBJECTIVES

- Be aware of alternatives to start-up
- Understand risks of buying an existing business
- Understand how to evaluate an existing business for sale
- Understand franchise concept and advantages and disadvantages
- Understand how to evaluate a potential franchise
- Understand network marketing concept
- Understand how to evaluate potential NM business

If you want to run your own business, there are alternatives to starting it yourself. You can buy an existing business, or buy into a franchise or get involved in network marketing.

Buying an existing business

Buying an existing business is a sensible alternative to starting a business from scratch.

The main advantage is that you acquire a business with existing products, markets, customers, staff, etc. and do not have to build it all up yourself. The disadvantage is that you have to commit a considerable investment to acquire the business and may have to add to this to develop the business further. You also need to know why the business is being sold – it may be that the business is in trouble or is about to face major competition.

Buying an existing business needs a methodical approach. Insist on both historical figures (preferably three years or more) and future projections. Have the information checked over by a person you trust or hire an expert. Do your own SWOT (Strengths/Weaknesses/Opportunities/Threats) analysis, get feedback from clients, suppliers and competitors. Particular areas to look into are:

- Financial data
- Management and key personnel
- Recent investments (or lack of)
- Product development/improvements (or lack of)
- Innovation (or lack of)
- Use of modern technology (or lack of)
- Hidden liabilities.

You need to know how much more money you will have to put into the business, on top of the purchase price, and how risky is this investment. How long will it take to recover your investment?

When you think you are ready to buy a specific business, take out a sheet of paper and write down your answers to the questions in the checklist. Only buy when you are sure that the business is right for you. Above all, make sure that you take professional advice before committing to buying.

And remember, buying the business is only the beginning. You still need to work through the rest of this guide to develop a business plan for your “new” business – while you run it on a day-to-day basis.

BUYING A BUSINESS CHECKLIST

1. Why is the business for sale?
2. What is the business of the company?
3. How is it organised?
4. What is its position in the marketplace?
5. What are its future prospects?
6. Is there a current Business Plan? What does it tell me?
7. Does the culture of the company fit my style of working and managing?
8. How dependent is the company on the current owner or managers?

Buying into a franchise

Across the world, there are over 3,000 franchised businesses, covering almost every industry. Some are international brands like McDonald's; others are national brands like O'Brien's Sandwich bars; a few are much smaller, local opportunities.

When you buy a franchise, you are buying the right to use a specific trademark or business concept, which has been tested in practice. The chief benefit is that you are able to capitalize on the business format, trade name, and support system provided by the franchisor.

You pay an initial upfront fee for the rights to open your franchise. This fee may include things like training costs, start-up promotional costs, stock, equipment/fixtures (you may be required to purchase or lease specific equipment and fixtures from the franchisor), and any other costs that are necessary to start your business. Usually, the franchisor helps you during start-up, with selection of premises and equipment, a business plan, raising finance, and publicity. In return, the franchisor supplies a detailed operational manual, which sets out exactly how you should run the franchise.

You also have to pay ongoing fees to maintain the rights to your franchise. Most franchisors charge a royalty fee – typically a percentage of your gross sales, ranging from 1% to as much as 15%. It is also usual for franchisees to pay into a co-operative national advertising and promotional fund that ben-

Never acquire a business you don't know how to run.

ROBERT W JOHNSON



BUYING INTO A FRANCHISE CHECKLIST

1. Does the franchisor have a track record of success? YES NO
2. What will it cost me? Once current income?
Twice current income?
More?
3. How much can I expect to make? Once current income?
Twice current income?
More?
4. Will the franchisor give me an exclusive territory for the period of the franchise? YES NO
5. Will the franchisor assist me with:
 - a) A management training programme? YES NO
 - b) An employee training programme? YES NO
 - c) A PR and advertising programme? YES NO
 - d) Raising capital YES NO
 - e) Borrowing money? YES NO
 - f) Merchandising ideas? YES NO
 - g) Finding a suitable location? YES NO
6. How long has the franchisor been operating? Less than 3 years?
More than 3 years?
7. Has the franchisor a reputation for fair dealing with its franchisees? YES NO
8. Has the franchisor enough finance itself to carry out its plans? YES NO
9. What happens when I want to leave/give up? Can I sell the business to anyone I like? YES NO
10. Has the franchisor shown me any certified figures indicating exact net profits of one or more franchisees, which I have personally checked with them? YES NO
11. Has the franchisor investigated me carefully enough to be sure that I can successfully operate at a profit to both of us? YES NO
12. Is my lawyer completely happy with the franchise contract? YES NO

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efits all franchises through increased exposure to the common trade name.

The advantages of buying a franchise are:

- Franchises traditionally have a much lower failure rate than other start-up businesses, since most of the problems have been discovered and solved
- You get a complete package, including trademarks, easy access to an established product, proven marketing method, equipment, stock, etc.
- You have the buying power of the entire network, which can help you against larger competitors
- Many franchisors provide financial and accounting systems, on-going training and support, research and development, sales and marketing assistance, planning and forecasting, stock management, etc.
- Some franchisors help with site selection, making sure that your business is located in an area where it can thrive
- You benefit from national or regional advertising and promotional campaigns by the franchisor.

But, as in anything, there are disadvantages, too. These can include:

- The essence of a franchise — buying and operating a proven concept — can make it seem like you're more of a manager than a boss
- It can take a good deal of cash to open and operate a franchise. Upfront costs can be significant, and ongoing royalty fees may impact on your cash flow
- Just as a franchisor's reputation can benefit you, the franchisor's problems are also your problems
- Your franchise agreement is a binding contract, and can be quite restrictive.

Although you own the business, its operation is governed by the terms of the franchise agreement. Therefore, you should have your lawyer and/or accountant review the franchise agreement before signing anything.

Before you decide on a franchise, talk to other franchisees. Ask about their experiences. Would they do it again? What would they do differently? Listen carefully to their answers.



In looking for a franchise, check out www.franchisedirect.com.

Network marketing

As with franchising, everyone is familiar with network marketing, even though they may not know it by that name. Examples of network marketing businesses are:

- **Tupperware** – Household storage items
- **Dorling Kindersley** – Books
- **Amway** – Household products.

Network marketing skips the wholesalers and retailers and delivers a product directly from the producer to the customer. This means quick delivery, good service and that the product is sold by people who know the product since they use it themselves.

Because there are no intermediaries between producer and customer, a large margin is available to pay the distribution chain. Distributors earn this margin by selling direct to customers and also from a royalty on sales made by other distributors whom they have introduced.

The process is based on the idea that more gets sold by a lot of people each selling a little than by a small number of highly-effective salespeople on their own.

Because all distributors are self-employed and self-motivated, only the successful survive. Within the network, back-up is available to provide the members of the network with training, workshops, information materials, manuals, etc.

Unfairly, network marketing has a poor reputation – in part caused by its similarity in a number of respects to the now universally outlawed “pyramid selling”.

Network marketing, according to one researcher, is not a “get rich quick” scheme – he says it is a “get rich scheme for those prepared to perform consistent, persistent, productive, income-producing activities”.

Even though it can be done part-time while you work at another job or in the home (and this is one of its key attractions), network marketing needs a lot of time and commitment not only in selling but also in learning about

NETWORK MARKETING CHECKLIST

1. Can I do it part-time? YES NO
2. How good are the products? Very good?
 Good?
 Just OK?
3. What customer guarantees does the company give? No quibble?
 Money back?
 None?
4. What is the company's track record, history, management, financial standing, etc? Very good?
 Good?
 Just OK?
5. What investment must I make at the start? • _____
6. How much do I have to sell to break-even? • _____
7. How much time do I need to invest? _____
8. Am I prepared to do sales presentations for people I know well and recruit them for the network? YES NO
9. Have I met and discussed the scheme with existing distributors? YES NO
10. Do I believe the income figures they quote? YES NO

the products, in training in how to do the presentations, in developing and maintaining a network, delivering the products, book-keeping and administration, etc.

Therefore, it's just as important to write a Business Plan (see the next chapter, **STEADY**) for a network marketing business as for any other business idea.

Other alternatives

Other alternatives to the traditional start-up include:

- Inheriting a business from a relative – Nice, but you still have to run it afterwards
- Management or employee buy-outs – Where a group of employees buys the business they work in from the owners.

In every case, there is a need for planning. However you arrive at your chosen business, if it is to be successful, you need to work through this guide and develop your business plan. That's what the next chapter is all about.