

MODULE 2

PERSONAL CHARACTERISTICS FOR A SUCCESSFUL BUSINESS

Starting and managing your own successful business brings great personal satisfaction, gives you positive self esteem, potentially a sustainable and adequate income for yourself and your family and you may eventually be able to provide employment for others.



Starting your own business is not a way to get rich quick, but can lead you towards whatever you would like to achieve in your life!

A business may simply be starting to sell produce you grow that is surplus to your family needs, or it could be making 'added value' goods that you can sell at a higher price, or it may be providing a service to others in your community which they are

willing to pay you for.

You most probably will prefer to start from a home working base but for some enterprises you will need to find suitable premises and will either partner with others in the business or employ people to work for you

To start a successful business, you will need a big commitment of your time and money, and a very positive 'can do' attitude. You will also need the support and encouragement of your family.

In general there are three types of people:

1. **Entrepreneurs** – those who have the necessary abilities and character to successfully start their own business from zero
2. **Opportunists** – those who can see the benefit of starting their own business but are better able to copy what someone else has already done
3. **Employees** – those who are best suited to working for someone else – which most of do at some time in our lives

If you are an 'entrepreneur' you will probably have a number of distinct personal characteristics.

You will probably be the sort of person that:

- **Has an inquisitive questioning mind and willingness to learn**
- **Looks for solutions to problems and has a creative spirit**

- **Has resilience and persistence to overcome setbacks, rejections and obstacles**
- **You look to the future and want to achieve your best potential**
- **You will have made the best of your education opportunities and will probably have had some work experience**
- **You will also be concerned about the needs of your community and want to help others. You will probably already have been engaged in some form of voluntary community work or, if you are a Christian some church based enterprise or service**

So, how do you measure up to these characteristics?

1. Entrepreneurs.

"Entrepreneurs are not 'born'....rather they 'become' through the experiences of their lives." Professor Albert Shapiro, Ohio State University

If you can relate personally to all of these characteristics you are probably an effective entrepreneur and can probably start your own business successfully with your own ideas whether working from home or working with others and possibly employing people when this becomes essential.

2. Opportunists

If you can relate to some but not all of these characteristics you might be a good opportunist, that is a person that can see the value of a good idea when it is shown to you and you would be able to replicate or copy an enterprise that someone else is doing successfully.

You may well be able to start a simple form of home based trading, like selling surplus agricultural produce or packing honey for sale. However you might also consider the concept of franchising as a good option – that is paying an agreed sum for access to all the information and help you need to copy an established enterprise which you have selected carefully as the best opportunity for your and your situation. An introduction to Franchising is in its own section on the website ([click here](#))

2. Employees

If you do not honestly feel your personal characteristics are very close at all to those listed, then you may be more suited to working for someone else full time or part time. We will offer some guidelines on how best to look for, prepare for and successfully find work in Module 6

Many good business ideas fail to get off the ground often due to lack of adequate preparation, no previous trading experience, no available guidance, or a lack of

money. Many new enterprises that do start, fail in the first two years for all sorts of reasons. We want to help best ensure your success.

Possibly the best way of doing this is for you to be able copy a small successful business that really interests you and which has good potential in your community or region in providing goods or services that are needed and which people are willing to pay for.

It could be a big mistake to copy what someone else is already doing in your community as this may imply competing with someone who is already ahead of you and the market you plan to serve may not be big enough. However there can be great value in collaborating with others doing the same thing so you can sell your products collectively.



A successful example is the production of early and late crop vegetables in polytunnels. This is Enia Bogdan who lives in a very poor village community in Romania, who built his own polytunnel

This was started as an *Aid for Trade* project in a Romanian village.

When this subsistence farmer was persuaded to try a self build polytunnel he worked very hard with his family and made it a great success, with good quality produce. Others then wanted to do the same and help was provided in establish collective sales by a marketing venture which purchased the crops for a fair price then sold them on a market stall and to local shops

Normally no business will provide full details of how it works, its profitability or what is involved, but *Aid for Trade* will be identifying Christian-led businesses that are willing to replicate their business as open models or by franchising ([Hyperlink to Franchising pages](#)) – making full business details available to you under a formal contract. This will help you start your business and we hope to be able to help you find at least some of the loan money you will need. You will of course need to pay a fee to the franchisor for this service, which will need to be included in your business plan. Becoming a franchisee does not limit the extent to which you can expand your business.



If you are to set up and develop a successful business, whether your own idea or copying an existing business you will need to:

- Be committed to working hard and for long hours to achieve your goals
- Have the wholehearted support of your family, some of whom may help you develop the business
- Be willing to take important and difficult decisions
- Have a willingness to take risks in trying to achieve something you believe to be worthwhile.
- Have a fierce determination to succeed, but be slow to anger
- Work at building good relationships and useful network contacts

Be persistent in pursuing and holding on to your dreams and goals:

- Demonstrate flexibility – if one approach does not work try another
- Be committed to excellence in all that you seek to do
- Be self motivated and willing to learn by reading, asking others and using library and internet research
- Be willing to tackle new tasks and develop new skills
- Be willing do any type of work – whether clearing rubbish or presenting your products to a major customer
- Plan and monitor your progress, keeping good records especially of all financial transactions
- Have a good relational style – you must be able to relate well to all types of people

- Have good general health and keep fit
- You will need to accept that it is much more important to grow your business than to take income from it
- You will need to be able to stay focussed on your business goals and not be distracted into other activities that take your time and effort away from your business
- You will need to develop a sound 'Business Plan' which will be greatly helped if you are to buy a franchise



Business development entrepreneurs, especially in impoverished regions can be exposed to serious risks of personal and bureaucratic corruption.

This is a major global problem and it will be very important to adopt sound ethics, management policies and to minimise these risks.

We believe that the adoption of Biblical moral and ethical guidance will be the best way of helping you avoid corruption or mal practice – so that you can maintain high personal and business integrity and become a respected part of your community and the commercial world.

Please look at the Ethics page ([Hyperlink](#)) on our site for guidance on business integrity and some Christian management guidance for successful business development.

Defining your Business Idea

Whatever your reasons for starting up, be clear about your business and personal aims and set yourself goals. Many new businesses fail because their owners did not set up, or even identify, either business or personal aims.

The key aims of a business are known as 'the business mission statement'. You may be surprised at how useful your own business mission statement can be in keeping you pointed in the right direction, because if you have a firm idea of your aims and where you want to go, you are more likely to succeed.

Example of a business mission

- *To offer a first class business and personal minicab service throughout Anytown, exclusively using Mercedes cars.*
- *To be the leader in the business and at the top end of the personal minicab market, and to have a high-profile local business within 2 years.*
- *To make 40% profit on the money used to start the business.*
- *To expand the business from 5 cars to 10 cars within 3 years.*

What goods and services am I going to provide?

You have probably already got some plans about what you want to do. Even so, it is worth looking into other business ideas. And remember, you don't need a bright new idea to have a good business. However, usually it is better to stick to what you know when deciding which type of business to start.

The business that needs most careful thought is the one you start from an idea or dream you have. No matter how thoroughly you research your market, you are never going to be sure how good the idea is until you are actually up and running. If you are offering a service or product with a difference, you will probably grow slowly at first, while your market learns about you. To look at it positively, an entirely new business may be the best way to take advantage of a gap in the market, and there would be no price to pay for "goodwill".

If you are worried about starting from scratch, you might want to think about buying a franchise business that is already running. A franchise is when you buy the right to use the trading name and system of a business that is already running. ([Hyperlink to 'Franchise' page](#))

Reality Check - Have I Got What It Takes?

As an employee you are dependent on your employer. But when you start a business, you are dependent on your own ability.

If you can honestly agree with each of the 16 characteristics and points below, you have got what it takes. If not, don't be too worried. At least you know your strengths and you can work on your weaknesses. (Some management gurus say you should focus on growing your strengths and leave your weaknesses where they are!)

Self-analysis:

- I am realistic about my capabilities.
- I am self-disciplined and I do not let things drift.
- I have the full support of my family.
- I am ready to put in 7 days a week, if necessary.

- I can get on well with people.
- I can make careful decisions.
- I can cope under stress.
- I do not give up when the going gets tough.
- I can learn from mistakes.
- I can take advice.
- I am patient, and I expect a long haul.
- I can motivate people.
- I am in good health.
- I am enthusiastic.
- I know about the risks.
- I have specific aims.

Have I thought about the practical realities?

Although there is no doubt that running your own business can be very satisfying, there is also an enormous amount of hard work involved and problems to be encountered. As a potential business owner it is important that you can foresee these problems so that they can be dealt with as quickly as possible.

An entrepreneur has exceptional energy and commitment to succeed, an ability to tackle and overcome obstacles, to gather useful information, to take risks and to persevere even when the going gets tough.

Becoming an entrepreneur is not for everyone. In business, there are no guarantees. There is simply no way to eliminate all of the risks.

It takes a special person with a strong commitment and specific skills to be successful as an entrepreneur.

Entrepreneurs starting a new business need to have

Commitment

This means you must have an overwhelming desire to have your own business. You must have the drive and dedication to be completely devoted to your goal. Incidentally, devotion to your goal is much more likely if you have a love for your intended business. Life is too short to start a business that doesn't give you satisfaction and joy. And, through good times and bad times, you will stick with something you love. As Solomon said, "There is nothing better for men (and women!) than they should be happy in their work-so let them enjoy it now."

Knowledge

To become a successful entrepreneur, you must have a sound working knowledge about the business you plan to start **before you start it**. Common sense, combined with appropriate experience, is essential. Prudence, follow through and attention to detail are very important.

Money:

Every business needs money of your own plus sufficient cash to maintain a positive cash flow for at least a year. Entrepreneurs will need to learn how to forecast future cash requirements through cash flow control. Many businesses can be started on a very small scale with a small investment. Then, as the business grows and you gain experience, cash flow from your business can be used for growth. In some cases, you don't need starting capital to hire other people because you might start by doing everything yourself. The "do it yourself" start is a good way to learn everything about your business and also makes you better qualified to delegate work to others later on. You can control your risk by placing a limit on how much you invest in your business.

Information and communication

‘Being informed’ is of great importance for any business start up.

You will need to seek to become a local expert in your chosen field. Talk to people who have experience to offer, use public libraries and the internet to gather useful information. We have assembled a number of useful information links ([hyperlink to Links pages](#))

The entrepreneur should be able to make use of the information which is offered and to this end he or she should have certain social abilities:

- willingness to consult other persons and to listen to them
- capacity to co-operate with other persons
- capacity to make (sound) judgments
- willingness to be critical about oneself and to make comparisons with other persons
- being able to ask sensible questions

‘Information’ is never complete, there is a continuing need to keep yourself well informed

What do I need to think about before I start my own business?

- Am I the type of person to own and operate my own business?
- Do I have the knowledge necessary? How much income do I need to survive in the first years?
- How much income will this business generate?
- Do I have a product/service that people want?
- Are there already too many people doing this?

- Where will I get the money to start the business?
- Am I prepared to work the long hours it takes to build my business?
- Can I do it by myself or will I need employees?

What are my commitments?

- What level of attention will I need, can I give to starting a new business?
- List all the commitments in your life, including personal and business. On a scale of one to ten, where would you place your various commitments?
- Where do you place your commitment to start a new business?

Starting a Microenterprise

Starting any new business activity is both exciting and challenging. It is also hard work.

A business may simply be starting to sell produce you grow that is surplus to your family needs, or it could be making 'added value' goods that you can sell at a higher price, or it may be providing a service to others in your community which they are willing to pay you for.

You most probably will prefer to start from a home working base but for some enterprises you will need to find suitable premises and will either partner with others in the business or employ people to work for you

Human potential is an amazing vehicle for development and success. Starting a business is not just about making money and you will certainly not 'get rich quick' but you could work towards a better more secure future with adequate income for you and your family. Starting your own business is also about finding inner peace and emotional and spiritual stability.

Your future success will depend on the initial decisions and plans you make, your personal commitment and the support of your family.

You should be aware that in many countries over 50% of new small business fail within three years. We want to help to minimise the risk of failure

Before starting any income generating venture, you should spend as much time as you need to take in studying the type of enterprise activity you will be starting and become an expert in this field. If you have no clear idea what your most suitable enterprise opportunity might be, you will need to consider

If your plan is to replicate an established business model, the risks will be considerably reduced and you should be able to make progress much more quickly than starting from a low knowledge and experience base

Five key elements for a successful start up are:

1. Do you have the personal aptitudes and commitment to succeed?
2. Is there an accessible market for your goods or services?
3. Can you produce the goods or provide the service you are considering at a price that will cover your costs and begin to generate an income for you?
4. Can you ensure you have enough money for setting up the business and covering your operating costs until sales income is generated?
5. Understand the importance of ensuring you supply your customers with the quality and service they expect - that will best ensure they continue to be your customers and not someone else's!

Do you already know what you want to do?

If you know what sort of business you want to start, you might find useful background in the [Microenterprises \(Hyperlink\)](#) section.

If you do not yet know what could be the most suitable enterprise for you to start, then the following steps will help you choose:

1. What experience, training, skills and aptitudes do you have?
2. What available facilities or raw materials are there you can use?
3. What does your family think about it – are they supportive?
4. Where will I sell the products or services?
5. About how much do you think it would cost to start?
6. Can you start working from home?
7. Should I start on my own or with one or more friends?

Step-by-Step Approach

Decide if you really want to be in business:

You will be putting some (not all, hopefully) of your net worth at risk. You will run the risk of becoming eccentric, meaning creating a life that is out of balance, with working hours taking away from other family or pleasurable activities. There may be levels of stress you have not experienced as an employee.

Decide what business and where:

Once you have decided you have the characteristics of a successful entrepreneur and that you definitely want to be in business, then you must decide which business is best for you and where to locate that business. Selection strategy is covered later on in this Session.

Microbusiness Selection Strategy



Selecting the wrong business is the most frequent mistake that start-up entrepreneurs make. Here is a checklist to help you select a successful one:

- Take your time and look for the business that is just right for you and consider the materials you will need, are they locally available and the market, is there one? Gathering experience and knowledge is vital for your success.
- Don't tackle businesses that may be too challenging for you, or which may need too much money to start. It is better to identify a simple opportunity you are familiar with provided you are confident there is a good market opportunity
- Try to identify a business for which there will always be a need. Look for a business that will grow in today's and tomorrow's markets.
- Look around your community carefully – its raw materials, what others are doing - don't fail to consider an opportunity that is right in front of you.
- Businesses to avoid are "commodity" businesses, like growing the same produce as everyone else for sale; at the same time of year -where you must compete entirely on price and in which you must have the lowest cost to survive. (There can be great merit in many people grow the same produce if the marketing and selling is done collectively) You will also need to consider the risks of imported product dumping which can force down your price or even kill off your business
- Most specialist service businesses, if they are really needed by the community can set reasonable prices.
- If you intend to make and sell an 'added value' product you might be able to start by importing, perhaps repacking to meet local needs

Things to Watch Out For:

Required Activities

It is worth repeating again: The most common mistake and the most costly one is not picking the right business to begin with.

IF YOU HAVE NOT DECIDED ON A BUSINESS, DO THIS:

On the top of a blank sheet of paper, write an activity you like to do (make this the heading). Do a separate page for each activity or interest you have.

On those same sheets list as many businesses you can think of that are related to that activity.

On the same sheets list all the products or services you can think of that are related to that activity. Use your imagination and think of every possible product or service you could do.

Make a list of businesses that do better in bad times (one may be appropriate for you). Some examples might be pawnshops, auto repairs and fabric stores.

EXAMPLE

Let's assume you end up with three potential businesses: towing service, selling used cars and auto repairs. You can now make a comparative evaluation using the following check-list (or better still your own checklist) with a 1-10 scoring system:

Objective	Towing Service	Selling Used Cars	Auto Repair
Can I do what I love to do?	6	3	10
Will I fill an expanding need?	8	5	10
Can I specialize?	7	8	10
Can I learn it and test it first?	9	8	9

This kind of analysis can help you gain objectivity in selecting your business.

How to Evaluate a Specific Business you have in mind.

Here are some questions to help clarify your thoughts:

- Is it something I will enjoy doing?
My favorite activities are: _____
I like to serve people by: _____
- Will it serve an expanding need for which there is no close substitute?
- Can I be so good at a specialized, targeted need that customers will think there is no close substitute?
- Can I handle the capital requirements?
- Can I learn the business by working for someone else first?
- Could I operate as a hollow corporation, without a factory and with a minimum number of employees? ("Hollow corporation" refers to a business where everything is "outsourced," meaning you would subcontract manufacturing and packaging to outside sources.)
- Is this a product or service that I can test first?
- Should I consider a partner who has complementary skills to mine or who could help finance the business?

Once you have decided what business you want to start, do this:



Make a "for" and "against" list regarding characteristics of the business. On a blank piece of paper, draw a vertical line down the middle of the page and list on one side all the "for's" and on the other all the "against's." Sometimes this will help clarify your thinking.

Write down the names of at least five successful businesses in your chosen field. Analyze what these five businesses have in common and make a list of reasons that make them successful.

A key question is whether you will start working from home or whether you plan to work together with others and/or employ people to do some of the work.

The approach to starting a business from home is simpler and has many advantages but some businesses just are not suitable for home based work requiring premises to work from.

Planning for a home based start and employing people are therefore covered separately in Modules 3 and 4
