

Look beyond the first satisfied customer

By Tom Addyman on Monday, August 31, 2009

Wherever you are in the world, there seems to be a distinct code when it comes to working for yourself. "I'm self employed" can literally mean a one man band, who tours the hotels of Dubai with an accordion and a couple of cymbals, whereas "I own my own business" gives the impression of booking a string quartet to entertain the guests at the Burj Al Arab. Whatever the reality, the common denominator is that neither works for someone else.

So why is it that people choose the independent path? Generally speaking, there are two groups: the retired and the inspired. Those who want to get out of situations that frustrate them are more likely to have less structured goals, ill conceived plans and funding difficulties. For the inspired, the road tends to have more potential, but also more potholes. After all, it is easier to abandon an obstacle than to create an opportunity.

For any successful start-up, it is essential to look beyond the first satisfied customer. While that in itself is a huge milestone, the practicalities are that a simple 'thank you' or 'great job' won't keep you afloat. It's quite possible, indeed quite likely, that you will operate at a loss for the first part of that pot-riddled road. Assuming your five-year plan is more pragmatic than romantic, there has to be some contingency for the inevitable bumpy ride.

Along the way, you will need to gauge whether your venture is in line with your vision, and that's not a case of putting ticks against a checklist, it's about constantly reviewing how your business is reacting to a changing marketplace; it's about reassessing your timeline; it's about the realities of ownership.

While hindsight may be a wonderful thing, foresight is more valuable. To evaluate your business before a major downturn in market dynamics does not give a true reflection of your standing. To pinpoint a particular peak in your revenue graph is neither accurate nor honest. A more practical measurement is to constantly assess the direction of your progress (or lack of it).

Your organic growth may have made you a greater force, you may even be ahead of your timeline, but that can raise as many questions as a delay. If you are fortunate enough to be on track then you will presumably be looking to stick to your plan. Getting ahead of yourself can open new options of diversification, accelerated expansion or even the sale of some, or all, of your business. While these choices must be made with an eye on the future, this is also a time for reflection. Why did you start your SME in the first place? What were your original goals?

As far as pharmacist John Pemberton was concerned, in 1886 his chemist shop was doing very nicely, thank you, and there was no great need to veer away from his small town plan. One sunny Atlanta afternoon, however, John decided to mix a measure of liquid caramel with carbonated water and some other (secret formula)

ingredients. John soon diversified. He had invented Coca-Cola. Nice tale, sad ending for John, who died two years later without realising his fortune. The Coke story is still going strong however, and despite a succession of boards and CEOs, the brand has stuck to its guns and focused on soft drinks. It's worth remembering though, not everyone wants to rule the world. The UAE has some of the most amazing stories of small time players who have made the jump to the big league, but there are also SMEs who want to stay small and at a push expand to medium. Whether it is hotels, public relations agencies or interior designers, the attraction can be offering a personal service or a boutique business. Success isn't limited to multinationals.

The answer to "why did you start your own business" will often come back to a former life. There aren't many entrepreneurs who set out on their own without first-hand knowledge of that particular industry. The chances are that the MDs of new businesses thought they could do it better, or that there was, at least, a gap to fill. There are plenty of business owners who know very little about business apart from their own. This is not a good starting point and without some acquired acumen the five-year plan may very well include bankruptcy, unpaid bills and a bid to get your old job back. Without a system of checks and balances, firsthand knowledge of your business is not enough to make you a successful business owner.

The basics are simple: Know where you want to go, know how you would like to get there and keep checking that you're on the right road. Without that, there is still an opening. I hear the one man band has expanded into organ grinding and all he needs now is a monkey.

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