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Setting Up Your Own Business: Assessing Your Business Skills

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What is an entrepreneur?

An entrepreneur is a person who organizes and manages a business undertaking and assumes a risk for the sake of profit. Operating a business takes certain skills. Few people have all the skills needed to run a business, but they can compensate for their weaknesses by hiring staff or consultants and by becoming more knowledgeable through education or training.

How can I decide if I have the needed business skills?

You can assess your business skills by evaluating past jobs, volunteer work, positions in organizations, and personal traits. Consider your experiences and qualifications under each of the following headings.

- Organization and planning: setting and attaining goals, managing time commitments, and keeping work schedules.
- Handling money: determining budgets, securing loans, raising funds, keeping financial records, and completing income tax forms.
- Selling ideas and products: determining sales quotas and projections; presenting projects for committees, organizations and/or administrative groups; direct selling to customers or clientele; handling criticism and rejection.
- Management: experience in managing all or part of a small business or an agency; serving as director or major officer of an organization.
- Working with people: mediating or arbitrating between people with opposing views when the situation requires; organizing and planning large public events; assuming officer or executive secretary positions in an organization, and/or handling complaints for an organization or company; getting along well with most people.
- Ability to take risks: taking moderate, calculated risks in varied situations (situations where the chance of winning was not so small as to be a "gamble" or so large as to be a "sure thing" — situations where there was a reasonable and challenging chance of success).
- Willingness to lead and to work alone: being self-disciplined; handling situations which were

ambiguous and full of uncertainty as to the job requirements; working calmly and efficiently in the midst of an emergency or crisis.
- Personality traits: taking the initiative in situations requiring it; accepting and accomplishing more than your share of the work; willingness to work hard even if the financial rewards are slow in coming; establishing high standards of performance and raising them once they are met.
- Knowledge of products and/or skills in the service offered by your business or in producing your product: willingness to do self-study, research, and planning to improve business operations.

Do I need all these skills?

Not all of these experiences are necessary for every business. Few, if any, persons who start a business are experts at everything. You must be able to assess your strengths and weaknesses before deciding whether you can take time to learn what you need to know, or can afford to hire staff or consultants. Expertise is more important in some businesses than in others. Only you can assess whether you have the right expertise to succeed.

How can I assess my skills?

Make a list of your work experiences, hobbies, interests, and acquired skills. You are preparing your own "resume" so be careful not to exaggerate or deceive yourself about things on this list. Be honest and objective. After completing the list, it should be fairly evident what you can bring to your new business and where your interests lie. Keep this inventory available and use it when selecting the type of business you will launch.

What kind of business should I start?

What are the kinds of businesses you might consider starting? Make a list of ones you could consider, eliminating only those that are obviously not for you. Rule out ones that require talents and skills you did not list when you prepared your "resume" and ones in which you have no interest.

You may have an original idea for a business that no one has considered or for a product that doesn't exist. Try not to limit your thinking only to this new business or product. To do this you must gather information. Evaluate your idea against other possibilities.

What are some possible sources of information?

You might try one or more of the following sources for information:

1. Telephone yellow pages can indicate what is and is not available in your area.
2. Public libraries have a number of business directories, including the *Thomas Register*.
3. Entrepreneurial magazines often have articles about new business ideas that have potential.
4. Ask friends, coworkers, neighbors, and relatives if they have product or service needs that are not currently being met.

What are some strategies for making a decision?

After considering business ideas on your list, narrow down the possibilities. To complete the selection process, talk with people in the same or a similar business who are located outside of the area where you are considering locating your business. Let them know that you would value their advice. Usually they

will be flattered and willing to share their experience and advice.

Another strategy involves checking success and failure reports. You can find this type of information at most public libraries.

Ask for professional advice. There are four professionals you should get to know early in your business planning: an attorney, accountant, marketing consultant, and banker. Share your plans with them. They may point out factors you hadn't yet considered.

Share your thoughts with your family, friends, and associates. They may come up with considerations that may discourage you from one idea, or they may offer real encouragement for pursuing another idea. Having the support and involvement of those close to you can be an added benefit.

Make the final decision yourself. If you can answer "yes" to all four of the following questions, you are ready to make a commitment:

1. Does the business satisfy most of my wants and desires? (business selection criteria)
2. Do I have, or can I develop (or hire), the attributes and capabilities that are required for success in this business?
3. Is the current condition and outlook for this type of business favorable?
4. Am I, and is my family, willing to accept the risks that will accompany my starting the proposed business?

If the answer to question four is "no," you might want to consider your proposed business ownership more carefully before proceeding. If you can answer "yes" to two of the first three, you may need to rely on your instincts. Remember, there is probably no perfect business. You will undoubtedly be making compromises no matter what you choose.

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