Entrepreneur New Start Checklist

By ATXponential

It’s an especially tough environment in which to be an employee in a company. More people are finding themselves as part of corporate ’involuntary separations’, and if not directly impacted, there’s the nagging worry that you could be part of the next one. I know how it feels; I’ve been there.

If this rings true for you, these are the times to reflect on what you want out of your career and, longer term, what you want to be remembered for. For some, facing an ‘elimination’ or having received notice of one, this could be the moment to take hold of your destiny and set up a business of your own.

Being your own boss isn’t for everyone. It is truly hard work, and the hours can be long. Rewards are not guaranteed. Then again so is a career in an organization these days – where the results of that work belong to the company for which you get a paycheck and maybe some benefits. Working in your own business it may be a while before you get to pay yourself, let alone get benefits. That’s why many businesses start while the founder has a day job. Yet times like these are ones that spawn great ideas born of necessity, opportunity, and the desire to make a difference. Future fortunes can be made.

Maybe now is your moment to become the entrepreneur you always wanted to be. "Life always begins with one step outside your comfort zone,” said inspirational author Shannon L. Adler. It’s worth taking that step at least once. It’s OK to fail, in which case ‘fail fast’ and learn from the experience. As the poet T.S. Elliott wrote, “Only those who risk going too far can possibly find out how far one can go.”

If you are still reading, you might be ready to move forward. You’ll be in good company. The entrepreneurial journey is a well-trodden one. Getting the basics right will enable you to reduce the risk involved and raise the chances of success. There’s an astonishing amount of advice and help available. Here is my checklist of 20 things to consider.

☐ Purpose: define who your company is in business to serve. That means identifying who your customer or client is. The management guru Peter Drucker famously wrote that "the purpose of business is to create a customer." Once you can describe them, go on the customer journey and discover what matters to them (AKA pain points), and where they go for information about solutions.

☐ Products: your product has to solve a customer's real problem. As Uri Levine phased it, "Fall in love with the problem, not the solution." Daymond John of Shark Tank said: "Entrepreneurs need to solve this problem. Come up with an idea. Solve a problem: reduce pain and discomfort; provide gain or convenience, make life easier." Do that well and, all things being equal, sales and profits will likely flow. You may have a great idea for a product or service, and it may even appeal to some enthusiasts but, for your company to make the big bucks and thrive into the future, it has to appeal to the mainstream market (for more on this, read Building the Whole Product). Your challenge is to define the features, advantages, and benefits (FABs) (read New Products are FAB(s)) that appeal to the visionaries who are early to adopt in order for the rest to follow (read Wanted: Early Adopters). One way to start is to build a minimum viable product (MVP): it might be a slide deck, a website or a mock-up, or a barebone but functional product, with just enough elements for your customer to see that you have nailed their problem and for them to give you valuable feedback. With those insights, you can adapt your product/service. Your offer (the bundle of FABs, pricing, and terms) has to be compelling enough for your target customer to make the switch and buy your product.

☐ Team: successful companies are led by high-performance leadership teams. Find people who share your vision and complement your skillsets. "If you want to go fast, go alone, if you want to go far, go together," an African proverb goes. At the outset these roles can be part-time, so your chief financial officer (CFO), chief technology officer (CTO), chief marketing officer (CMO), and other C-suite roles can be fractional until you hit a run rate where full-time equivalents – and the associated costs – are merited.

☐ Brand: your company needs to make an emotional connection with your customers. Your name, logo, tagline, and corporate identity, add up to your branding. A brand is a promise you make to your clients: you should be able to keep that promise. It should be relevant and memorable to distinguish you from your competitors (read Geographic Indicators and Branding). Make it yours and make it count for something.

☐ Model: how will you make money? The activity of planning is how you identify the challenges and opportunities of your business and how you determine the strategies in four crucial areas:

1. **Customer Model, the 'job to be done' by your product/service innovation that gets the customer to say, "I love this!";**

2. **Market Model, your go-to-market (GTM) strategy, which includes target market profiles, sales and distribution channel strategies, and a marketing plan;**

3. **Business Model, whether direct sales, franchise, freemium, or subscription, the details of which can be mapped out on a lean canvas; and**

4. **Financial Model, the business expressed in a cash flow, forecast, ROI, and P&L.**

☐ Structure: a maxim of business is that "structure follows strategy." With your four-part model defined, you can decide the type of business which best suits it. Depending on if your company is non-profit or for-profit, a hobby, lifestyle, small business, or fast-growth startup, will largely determine whether you are a:

1. **Sole Proprietorship;**
2. **General Partnership;**
3. **Limited Liability Company (LLC); or**
4. **Corporation (C-Corp or S-Corp).**

The mechanics of setting up the entity are relatively straightforward and can often be completed using reputable online service providers.

☐ Legal: your company will create intellectual property (IP), trade secrets, trademarks, and documents of many kinds including sales contracts. Your corporate clients may require you to sign confidentiality agreements (CDA) or non-disclosure agreements (NDAs) before they will do business with you and their terms may be onerous to you. My advice is: find a good lawyer.

☐ Compliance: companies have to fully comply with rules set at international, federal, state, county, or city levels and even by their specific industry. You will need to discover which applies to you (read Compliance Matters). If you plan to set up a business in accounting, appraising, auctioning, banking, building contracting, insurance, medical practice, premises security, and real estate, to name a few, you will likely need an operating license. Do your research.

☐ Banking: you can keep your cash in a strongbox, but modern business is digital. Find a good financial partner who can service your money needs. It is more complicated than you think, especially if your clients are located overseas (read Moving Money Internationally). Most businesses start with investments from personal savings or credit cards and money from FFF – friends, family, and fools. You can take a loan out with a bank, through current interest rates make that an expensive way to fund growth. Angel investors may be willing to stump up seed money for a Simple Agreement for Future Equity (SAFE) note, which AngelList defines as, “a form of financing that allows investors to convert their investment into equity at a future priced funding round or liquidation event.” If you can convince them, venture capital firms (VCs) may offer capital for equity in your company, but since the collapse of Silicon Valley Bank (SVB) their appetites have changed, and they have become more risk averse (read Back to Basics). Selling products to generate cash is always the best way to raise funds.

☐ Workspace: working from home (WFH) is the garage where most businesses start. As soon as you generate revenues, you may be able you take a tax deduction for the space (consult your accountant for specifics). If you prefer a desk or office outside the home, there are so many options for renting space these days. The same goes for businesses requiring warehousing and fulfillment: there are contractors who do that as their business, so you don’t have to. And if your business requires making physical parts, consider additive manufacturing (AKA 3D printing), which enables small, medium, or large quantities to be produced fast and price competitively versus traditional methods. Whenever you can, go lean.

☐ Taxes: When you set up your legal entity, get an EIN: the IRS explains, “An employer identification number (EIN) is a nine-digit number assigned by the IRS. It's used to identify the tax accounts of employers and certain others who have no employees. The IRS uses the number to identify taxpayers who are required to file various business tax returns.” Your state will require you to file a return annually. You must be sure to collect and report all taxes on sales and on employee pay.

☐ People: hiring people is adaunting part of scaling a business. I know of startup CEOs who have interviewed dozens of candidates and picked one only to find that that person was not a good fit. For a busy CEO, it is a disaster. Training new staff costs time and money, neither of which a new company has in abundance. Above all that, there are federal and state laws regulating hiring (and firing) procedures, so get good advice.

☐ Processes: where in a large company there are specialized departments for different business functions, in a new business you're starting from scratch. Fortunately, it is now possible to automate and integrate entire company operations using off-the-shelf software. Business process automation (BPA) – AKA digital transformation – is the use of technology to automate repeatable, day-to-day tasks; it includes enterprise resource planning (ERP) and customer relationship management (CRM). Projects can be developed and managed and staff can collaborate in real time without ever meeting physically. You'll need management account software to manage and report your costs and sales revenues. It's worth investing the time to review what best suits your style of work and how it will adapt and scale to your needs as your company grows.

☐ Payments: new company owners are often shocked to discover how long it can take to get paid by customers. If yours is not a cash business, you'll be managing your accounts receivable on credit – your credit. You may well require payment in full within 30 days, but some of my clients report having to wait over 100 days to be paid. Chasing late payments is a time suck and a costly one, so keep cash on hand to pay your suppliers and staff.

☐ Insurance: as a new vendor, you will have to protect yourself most from potential client lawsuits alleging professional liability or negligence if your products don't work as promised or cause damage or loss. Protecting your company's assets and reputation is the purpose of insurance. Talk to your agent or broker about commercial insurance policies. It's another cost to consider.

☐ Partners: successful new companies often gain early traction when they form alliances with other companies. This could be between a component supplier, a distribution channel, or a spokesperson. These ecosystems work to grow the market for the goods or services, such as through co-branding, providing stability and longevity for the participants and reassurance for the customers. In your business planning consider how you could build such a robust ecosystem.

☐ Promotions: you can identify who your customer is, but to close the sale you have to communicate your difference to them – on your website, in your print or digital advertising, and in your sales collateral and presentations. If you understand your customer's journey you know where to find them and what messages to serve them. It's a process. Some customers, especially business to business (B2B) in large decision-making units (DMUs) or buying organizations, will do lots of research before placing a PO. Your goal should be to build a sales funnel, which takes prospects through each stage of awareness, interest, desire, and action. If your sales are booked over an e-commerce platform be sure that the user experience (UX) is exceptional to avoid abandoned shopping carts. Consider that distributors can multiply your own sales effort via direct marketing campaigns and outbound sales teams, especially if there is a specification aspect to booking the order; they can hold inventory for fast fulfillment, and often provide other value-added services too that augment your product. Using marketing automation applications can effectively manage the lead generation and management process and result in higher conversion rates. It's worth investing the time to review software that will scale to your needs as your company grows.

☐ Pitches: you may need to travel by car, train, or plane to pitch to customers. If you do visit a customer's office, just be aware that when you sign in at the front desk you may be signing a CDA/NDA at the same time; it's best to know that ahead of time if you have quibbles with particular clauses. Since Covid-19, potential customers are much more willing to take pitches over video conferencing. Check the application works before the meeting: a customer's time is precious, so be on time and finish early once you have achieved your meeting objective. Provide the documentation your client asks for, including a copy of your pitch. Follow-up. Be persistent, but not a nuisance.

☐ Patience: it's easy to be seduced by success stories, which apparently happened quickly. As Shark Tank investor Mark Cuban said, "What I tell people is it doesn't matter how many times you fail, you only have to be right one time – just one time! – and then you're going to be called an overnight success, be called lucky." Building a business is a long journey, rarely an overnight success. It takes patience and time. Remember, the companies making the branded goods that you have in your larder, the car you drive, and the computer you are using, were once started by entrepreneurs who took the risk. They got a lot of things wrong, but they did enough things right that their companies survived and thrived.

☐ Support: Being an entrepreneur can be a lonely business. Frustration can accompany every step of the journey. Surprising to me is that I hear from new company founders that their family, friends, or former colleagues are often unsupportive. They can be quite negative. Resilience is the byword here. Surround yourself with people who think like you, for example, fellow entrepreneurs, or join your local chamber of commerce or an industry advocacy group. As a mentor and advisor to startup founders, I willingly share my time and insights to help them achieve success. For specific support consider applying to join an incubator or accelerator. Your personal motivation is key. "Find something you're passionate about – because, when you're going through the tough times, it means you're not willing to give in," said Rix Orlagh, co-founder of RIXO.

There are many moving parts to making a new company successful. If you get it right, you may never have to work for anyone else ever again. “The most difficult thing,” said aviator Amelia Earhart, “is the decision to act; the rest is merely tenacity.” First, do your homework. Contact us at ATXponential to explore your options.