



## **ENTREPRENEURIAL SELF-EVALUATION**

**See if you have what it takes to start your own business**

**by Stuart Adams**

Starting any kind of business is something like building one of those three-dimensional jigsaw puzzles. You can look at the picture on the box to see generally how it fits together and get some idea where certain major elements go. Unlike a two-dimensional puzzle, however, in three dimensions, you can't just lay all the parts on the table and slide them together to see if they fit.

As in building companies in the real world, the 3D jigsaw puzzle must first have a solid foundation before you can feel safe in adding the vertical elements. You can, of course be working on several pieces of the puzzle at the same time, but you risk an implosion if you try to add elevated pieces before you have provided them with a base strong enough to hold the growing weight and stress.

There are lots of studies and theories related to the characteristics of an entrepreneur. No two entrepreneurs are alike and some have apparent characteristics which would seem to disqualify them from ever being able to accomplish success as an entrepreneur. Colonel Sanders was 65 years old when he started trying to franchise his fried chicken operation. He was down to living on his \$105 Social Security check, because highway construction had forced him out of his small restaurant. He drove across the country cooking his chicken for restaurant owners and although turned down hundreds of times, eventually enlisted over 600 of them as franchisees, often on a handshake.

You must realize that starting your own business is almost totally different than working for someone else or working in a large, established business. Creating something out of nothing is a lonely, insecure project. Although creating an online business can cost less initially because of the potential "reach" of the Internet, doing it right and sustaining it takes a special individual.

The extent and nature of entrepreneurial qualities which you must have to stand a chance of being successful, all things being equal (which of course they seldom are), will differ depending on what type of business you plan to get into. There are three basic alternatives, with many variations on each. First, you can buy into a franchise. Second, you can buy a non-franchised business which has been started by someone else. Third, you can start a business from scratch.

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Some of the better, more structured franchises, require relatively less entrepreneurial skill than do the other two types of business "start-ups" mentioned above. Literally, you can pay a franchise fee, be trained for several weeks at "Franchise University," and then just wait for the truck to pull up. When it does, it will be at a site selected by a professional franchise site locator, and after they unpack you, your shop will have been set up completely. This is a turn-key operation where little thought by you is required (or appreciated) and all you have to do is follow the rules and procedures of the franchise. One downside, of course, is that the franchise fee in this sort of situation, is relatively high and you sign long term commitments.

On the other hand, you can start many a business from scratch out of your home, keeping your day job until it gets in the way, with complete freedom to bail out or dive in at your sole discretion. In this non-franchise scenario, the initial costs can be minimal. You can work on it when you want or when you can, perhaps still having the security of hanging on to a pay check from your day job, retaining insurance benefits for your family, with a relatively secure "fall-back" position if your business crashes and burns.

In between the master franchise and the raw, bleeding edge start-up, is the option to simply buy out someone who has a business you think you can run as well or better than the current owner. Here, again, if the business is doing well, you have the seeming luxury of not having your entrepreneurial expertise be the sole salvation of the business. If cash flow is positive and competition not fatally close, you can try to simply tweak the business into greater profit margin, or make other improvements over time. This does require entrepreneurial skills and attributes, but not so few as needed by some franchisees nor as many as one crafting a business plan for a novel and unproven business concept.

Somewhere in this mix, you must probably fit. Outlined below are some questions which you might ask yourself in deciding if you have what it takes to be an entrepreneur. Failure of an entrepreneur to recognize his or her shortcomings is one of the most common reasons for the failure of the business later on down the road.

There are not necessarily any right or wrong answers on this "take-home," open book test. I have used several forms of it for years in an adult education course I've taught on how to start an e-commerce business. I recommend that my students take the test questions into a quiet room with a mirror. I suggest they then spend a couple of minutes just looking themselves in the eye, in the mirror, and start asking themselves the questions, and giving the answers to themselves while keeping eye contact. Funky as it may seem, honesty with yourself is one of the major keys to being a successful entrepreneur.

You should note, however, the tendency for success or failure you show by the result. Any shortcomings indicated by your test results simply mean another hurdle to your goal, which requires further problem solving to reach one more solution. Too many gaps may mean the need for management assistance, just to get off the ground. Here's the test. Be honest, because you will probably be the biggest loser if you're not!

Are you a self-starter or do you need someone to give you directions?

Can you make decisions and stick with them?

Can you admit you're wrong when the evidence demonstrates that or do you stick with things to the end, no matter what?

How good are you at organizing things on an ongoing basis?

How well can you monitor things that are ongoing so as to stay focused and on track?

How good is your health? Can you stick it out in a new venture until your business pays off sufficiently to make it all worth while? This includes the issue of age. Even if your health is excellent now, will it still be at the end of the time you will need to grow your business to the level of maturity necessary to realize a payoff sufficient to make it all worth while? If not, you probably would be safer to keep your day job.

Can you afford failure? Since some estimate 90% of all small businesses fail within the first few years, how will you survive if your business fails? Do you have a realistic "Plan B" if the business does not go as you hope or plan that it will?

Are you a leader? Can you motivate others you will need to succeed?

How well can you manage people? Can you make the hard choices that go with the ups and downs of business and the impact that has on people and finances?

How clear is your vision? Can you see trends and opportunities?

What kind of a deal maker are you? Can you find, develop, organize, prepare and close the deals in a profitable manner that you will need to start, grow and maintain a business?

Will your family situation give you the support you need to focus and maintain your edge in putting together a business and managing it? Most successful entrepreneurs are workaholics who may get to spend little time with spouse and kids. Financial stress will probably be nearly overwhelming for a long time.

Do you work hard or work smart? You need both. You need "Street Smarts."

How "smart" are you compared to those who will be in the business market place with you?

Would you be able to work effectively over time with an equal partner or other people running or financing the business? It's hard to leverage your

business, no matter how great the concept, unless you can get help.

Will you be able to anticipate or recognize change coming to your business or market place, while it is still an opportunity, or only when it's a threat, after it is too late?

How resourceful are you? Can you adapt easily to change?

How well do you communicate with others?

Can you maintain a positive attitude even when things look bad? Do you have an even temperament under stress, as well as in good times?

Do you have follow through or do you sometimes quit or put things off if they seem too hard or will take too long?

Do you have patience or do you need or typically expect instant short term results? A start-up is no place for instant gratification. That's simply what your investors will expect.

Do people trust and respect you?

Do you like people and do people like you? Many an inventor just likes to tinker in the basement and people are a distraction. Customers are your core in business.

Do you have the technical knowledge you need to carry the business forward?

Can you lead by example?

Can you delegate effectively and monitor progress of the project?

Are you a good judge of people?

Can you 'roll up your sleeves' and do the job at any level it takes or do you need to tell others what to do?

Have you ever run a business, or anything else before? Being an employee is totally different.

Do you know how to research the market?

Do you know how to research the competition?

Do you know how to competitively price your product or service?

Do you know how much money you need to start your business?

Do you know how much money it will take to keep your business alive until you have positive cash flow? This begs the question of whether you will be

able to accurately predict when that positive cash flow can be expected.

Do you know where to look for help and have what is necessary to obtain it?

Do you know how to protect your business and all its assets (ideas, people, market)?

Can you deal with customers, suppliers and financial people effectively?

Do you know who your customers are or should be and how to get to enough of them in an economical fashion so as to make your business a success?

Do you have a tendency to try to retain control of everything?

Can you "micro manage" or "macro manage," or both?

Do you have the ability to "reinvent" yourself and your concept. If you are successful, everyone will want to copy you and beat you at your own game. No matter how good your initial concept, most products and many services have a "shelf life." If your competition figures out how to mimic you or even beat you at price, speed, technology, etc., do you have the ability to change gears to stay ahead of the competition? The Netscape vs. Microsoft and Amazon.com vs. Barnesandnoble.com wars are but two examples. If you need more, look at the commission price decrease and "free" services increase in the battle for superiority between online stock brokerages.

Are you frugal? While others in the "dotcom" race are buying bigger sports cars, can you maintain a tight ship which provides customers with an ongoing bargain and you with a razor-thin profit margin? Web customers are much more notorious for lack of brand loyalty in the face of a cheaper price elsewhere, than have been pre-e-commerce consumers.

Do you feel you have more energy than most of the people around you?

Do you know that your business concept is based upon a relatively sound basis, such as lowest price, fastest or most personal service, most convenient, uniqueness, sole source, or some other such compelling competitive advantage?

Can you produce or provide the product or service, on an ongoing basis, in sufficient quantity and with assurance of superior quality, at a price your intended customer will be relatively happy or willing to pay? Many a great product was simply too expensive to produce. The Patent office is full of patents that have never been and never will be commercialized at all.

Why are you really contemplating this? Is it because you're about to lose your job and you don't know what else to do? That's probably the wrong reason. The right reason is probably because you must do it, unrelated to financial need. It's because you have a fire in your gut, a burning passion to

do it and you can't think about much else. It's because every time you think about it, which is most of the time, you keep coming up with improvements, enhancements and expansions to your original concept and they really make sense after further thought and research.

Once again, there is no specific pass or fail level to this self test. The need to score high, largely depends on which of the three types of business entry levels you are attempting. In every case, however, the higher you score here, the greater the statistical chance you have of being successful. It is possible to get a perfect score on the test and fail miserably at the business. It is also possible to score poorly but end up a billionaire. If you score poorly on the test now, you can do those things you can to resolve the potential roadblocks, and then retest yourself until you think you're really ready. This should be done in conjunction with research and preparation of a business plan, even if just for your own edification. How can you take this big a risk if you haven't done your homework? Do it and do it again, until you know you can't fail.

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