

21 QUICK START-UP FIXES Starting to think

Murphy's Law was written just for you? Don't worry—these practical solutions should get you back on track fast.

THE PATH to entrepreneurship is rarely smooth—in fact, you can expect many days when your company will more closely resemble a minefield than a business. To help even out the rough spots, we found 21 solutions to start-up problems you'll likely face.

MONEY MATTERS

"I need start-up cash."

1. Wish you had personal assets you could liquidate? You probably have more than you realize. Take a look around your home. Any sporting and recreational equipment you're not using? What about antiques, art or collections that could be sold or used as collateral for a loan? Can you borrow against your life insurance or your retirement account?

2. If you already own assets you plan to use in the business, utilize them as collateral for traditional financing.

3. Tap your friends and family for loans or investment dollars. But do it carefully, cautions David Jilk, president of Jilk Systems Inc., a business consulting firm in Savannah, Georgia. Don't let them loan or invest any money they can't afford to lose, put your entire agreement in writing and have an attorney check your contract to make sure it's both binding and legal (especially if they're buying stock and are subject to securities regulations). If you're uncomfortable asking for money, try this approach: Tell them you've drawn up a business plan and you'd like their opinion on it before you show it to prospective investors. If they want to invest, they'll say something at that point; if they don't, you'll still get some valuable input on your plan.

4. Find an angel investor. "Typically, angels are individuals looking to invest in companies that will make them money," Jilk explains. "There's no general rule as to what they're looking for. Angels are all unique."

How do you find an angel? "Most areas of the country, even smaller localities, are developing this sort of capital source in a more organized fashion," says Jilk. He suggests doing an Internet search using "capital," "angel" and your locality to find prospective angels. Network among your colleagues; ask your attorney for a referral; or contact local organizations that might be able to steer you in the appropriate direction—such as the local chamber of commerce, economic development agency or Small Business Development Center, or visit the SBA's angel network at (<https://ace-net.sr.unh.edu>).

"I need to conserve what little cash I have."

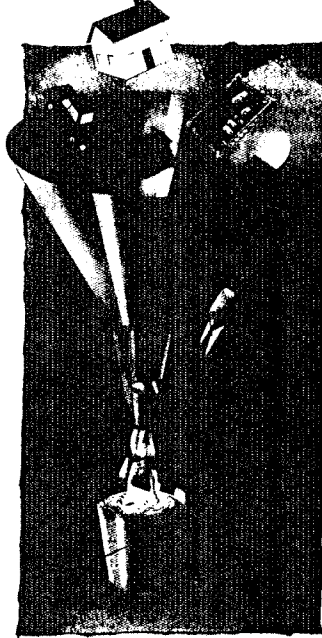
5. Consider bartering. You might find people who need your product or service and, in turn, have a product or service you need. But, Jilk cautions, don't let the process of bartering distract you from your core business purpose.

6. Check with your local university or college for low-cost or free services. Many schools require students to do "real world" projects before they graduate; by enlisting these students, you can get valuable assistance with such tasks as your business plan, marketing, financial strategies, legal issues and more.

7. Purchase used instead of new. Especially when it comes to durable equipment, buying used can save a tremendous amount of cash. Buy quality items

from known manufacturers to assure the availability of parts and service.

8. Lease instead of buy. Leasing (or



long-term financing) conserves cash while getting you the equipment you need now. Jilk says leasing is particularly common when it comes to high-end office equipment, computers and other technology-based assets.

9. Negotiate liberal payment terms with suppliers. According to Jilk, "Simply pushing out your average payables by five

or 10 days—except when it costs you money to do so—can make a significant difference in your cash balance."

RUNNING THE SHOW

"I can't afford full-time employees for every task that needs to be done."

10. Outsourcing is the solution for tasks that are beyond your core business but require a degree of expertise and efficiency. You'll get a greater level of skill and more flexibility than if you try to hire for them. Typical duties to outsource include accounting and bookkeeping functions, payroll, marketing and advertising, and other administrative and professional services.

"I'm not sure I'm meeting all government requirements."

11. Dealing with various government entities can be one of the biggest headaches you'll have as a business owner. Avoid serious problems by finding out what's required before you actually start operating. Check with appropriate local, state and federal agencies for their guidelines—most are set up to provide new businesses with all the necessary information.

"I'm concerned about getting paid if I extend credit to customers."

12. Unless you're in a retail business, it's tough to operate without extending credit these days. Insist that each customer complete a credit application and verify the information he or she provides before you make a credit sale.

THE PEOPLE SIDE

"I've never hired employees before, and I want to do it right the first time."

13. Figure out what you need before you begin the hiring process, then write complete job descriptions for every position. "Hiring mistakes often occur when you make the decision based on what

you're trying to get rid of—like doing the books—instead of what you really need," says Randy G. Pennington, president of Pennington Performance Group, a consulting firm in Dallas. "A job description that covers specific tasks the person must perform, the results you expect, and the skills required to do the job allows you to conduct a more effective interview, balance your current needs with growth potential and increase the likelihood of the new hire's success."

Pennington also suggests developing your organizational chart and the accompanying job descriptions before you hire your first employee. "Look two to five years out at the company you want to create," he says. "You might be small now, but you shouldn't think of your company that way if you want to grow."

14. Set policies before you need them. Don't think that just because you're a small start-up you can do without personnel policies. "Start-up companies can be very flexible, and it can be very inviting to make up the rules as you go along," notes Pennington. "But failing to establish clear policies and practices before you hire can lead to misunderstandings, lost productivity, higher turnover and even possible legal exposure. You don't need a 500-page policy manual, but you do need to write down your expectations regarding performance, professional conduct, attendance, reporting procedures and any other critical component of your business."

"Isn't it hard to find good people these days?"

15. Be creative in your search for employees. "Help wanted" ads are great if you want quantity," says Pennington. "If it's quality you need, consider looking other places. Ask your good employees and applicants for the names of friends they would want to work with every day—good people usually hang around with good people. If you need experienced people who can work part time, call your local AARP chapter for referrals. Community colleges, universities and technical training programs are also good places to look."

Just because someone has a job, don't assume they wouldn't consider a change. If you know some people who are excellent workers and have the skills you need, ask them if they're interested in discussing the opportunities you have to offer.

"I can't afford to offer the benefit packages big corporations offer."

16. Few small companies can, and the solution is low-cost perks. Pennington says if you think the only rewards that motivate your staff are money and expensive benefits, you're wrong. Look for creative perks that won't cost you much, such as flexible hours or telecommuting. To find out what appeals to your staff, Pennington suggests asking them what you could offer that would make them willing to do their jobs for 1 percent less than what they're being paid. "The answer will tell you the things that really motivate them," he says, "but don't reduce their pay!"

SALES AND MARKETING

"I want to do the work that's my core business, not spend my time marketing."

17. As a business owner, there's no way for you to completely avoid marketing. If you really don't enjoy the process, hire or contract with someone who does. But even if you're going to delegate the marketing and sales functions, you must participate in the planning and pay attention to how things are going.

"I don't know how to write a marketing plan."

18. Your marketing plan doesn't have to be great literature; it just has to be a

comprehensive program to help you meet your goals. It's a good idea to read some books on creating a marketing plan. You should also study what techniques did and didn't work for others in competing and complementary businesses. Cherie Kerr, an author of communication skills books and a public relations consultant in Santa

"I don't have very much money to spend on marketing."

20. Kerr says when it comes to marketing, public relations usually provides the biggest bang for the buck. Put together a solid press kit and send out news releases about your company. If you don't know how, get professional help—if you can't afford it, find out if your local university or college has a marketing or communications student who will help you.

21. Network! It costs practically nothing and pays off big, says Kerr, so give your business card to everyone you meet. She suggests this technique for building a database of prospective customers: List everyone you know (your Christmas-card list is a good place to start), then send a note or make a call to five of those people every day, telling them about your business and asking them about anyone they know who might be a potential customer. If



Ana, California, says marketing includes three basic functions: advertising, public relations and promotions. Each should be integrated into your marketing plan.

19. Map out and commit to your strategy for at least the first full year of operation; then track your results as you go. Be flexible—if something isn't working and you've given it a reasonable chance, adjust your plan.

you accumulate just five leads per day, you'll have a database of more than 1,200 names in six months.

Knowing a solution before the problem occurs can mean the difference between a smooth start-up and a rocky ride. Your best bet for a long-running business is to anticipate what you'll have to deal with, and have plans in place before you need them.