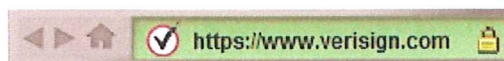


Give your users a visible sign of safety.

[Learn more »](#)



Entrepreneur.com

How Bad Do You Want It?

When it comes to startup, it's not enough to take risks--you have to love them.

By Hayli Morrison | July 13, 2009

URL: <http://www.entrepreneur.com/startingabusiness/businessplans/article202606.html>

There are risk-takers and then there are "startup people." Startup people make risk their bedfellow, keeping an eye on the prize even when the world seems pitted against them. A team of startup people can make all the difference when cash is low and morale even lower.

"To take on this level of risk only comes from passion. It's an issue of, 'How much do you want that company?' It's total torture," says Penelope Trunk, founder and CEO of BrazenCareerist.com, who has blogged openly about cash-flow challenges.

Trunk discusses events most entrepreneurs prefer to keep quiet, like when her company couldn't meet payroll or the electric company cut her off for non-payment. "I would distract myself--eat a lot of bagels," Trunk recalled. In a startup, she added, each team member must ultimately be responsible for keeping his or her own chin up. "You need people who are startup people, so if that's not who they are, you can't change that."

Even with the right team, the odds of long-term success are heavily stacked against any startup. However, the game ends only when the players quit, and startup people inherently rely on a few strategies to persevere.

<insert ad here>

Don't sweat the debt

Debt is often viewed as part of the startup process. While some startups have managed to navigate the waters with gradual, revenue-based growth, they are the exception. Most entrepreneurs view debt simply as part of the puzzle, and try to factor repayment into their future business plan.

"You can carry debt, as long as you have great prospects in front of you that motivate you to go out and win business," says Pete Bush, certified financial planner and owner of [Horizon Wealth Management](http://HorizonWealthManagement.com). "You can make case after case of people who were right on the brink of bankruptcy--even came out of bankruptcy--and saw huge success."

Share stories

Discussing the bad times can prove cathartic for an entrepreneur, while educational and inspirational for listeners. Networking with like-minded people might help an entrepreneur establish real-world business connections and also retain focus when the going gets tough. While the internet plays a larger role now, traditional resources like personal and business development books, industry conferences and mentors are rich with information.

That's why serial entrepreneur and strategy consultant Sramana Mitra wrote her latest book in the Entrepreneur Journeys series. [Bootstrapping: Weapon of Mass Reconstruction](#) details how 13 entrepreneurs worked through the same issues Mitra hears about each day from her blog readers.

"I constantly get requests for mentoring from entrepreneurs, so this book provides a lot of the same advice I would provide if I were counseling them one-on-one," Mitra says. "It's my advice, framed as case studies highlighting real-world situations."

Quality over quantity

When it comes to clients and partners, less can be more. If having fewer clients allows a stronger focus on the needs of a few high-quality clients, it's generally considered worthwhile. Clients are worth their weight in gold with offerings like long-term work relationships, deep pockets, great connections, name recognition or the opportunity for business growth. The same applies to partners willing to log some "sweat equity" in your business, Mitra says.

Likewise, since startups mean hard work and long hours with little immediate payoff, entrepreneurs should focus on the quality of their rewards instead of the quantity of their pay. Such rewards include flexible scheduling and singular control over your business, things that might seem worthwhile even if the electric bill goes unpaid. Most important, offer a quality customer experience by keeping the service menu manageable and cutting expenses in other areas, if needed.

"Focus on really meeting the customer needs," Mitra says. "Failure to do so can dissipate resources and dissipate energy."

Don't bite off more than you can chew. Pick one market or pick three things to do and do them really well. Don't waste resources."

Ramp up revenue

Underestimating cash flow tops the list of common startup mistakes, Bush says, recommending enough credit availability and cash to fund a business for at least its first 18 months.

"Entrepreneurs have two really big concerns: short-term cash flow and long-term cash flow," he says. "They put their rose-colored glasses on and they get in and find out it's not taking off as fast as they thought it would, and it really does take 18 to 24 months."

Whether through bootstrapping, VC funding or angel investors, business growth can happen in a weak economy. All startups should first pursue revenue-based growth, Mitra says, citing Finisar as an example of such a company. The owner-funded optical component manufacturer started in 1988 with \$6,000 in revenue after one month, going public in 2000 with nearly \$67 million in sales and practically no outside funding. While the approach is slow and steady, it helps entrepreneurs retain control and focus on building solid business infrastructure.

No matter the approach to building a startup, it's most important to simply take action and start the process. And contradictory though it may seem, an economic recession is prime time for ordinary folks to become startup people.

"If you don't have a day job, this is a very good time to start building something," Mitra says. "It's a much better idea than waiting on the sidelines. Read books, get education, get inspiration, and do something of your own."

Copyright © 2009 Entrepreneur Media, Inc. All rights reserved. [Privacy Policy](#)