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Do It Right At The Start

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The foundation you set at the outset of a business will carry you through the challenges of making it succeed. Tips for starting off right:

- **Create an imperfect plan.** A big myth is that you need a perfect business blueprint, but there is no such thing, says Bart Steiner, CEO of Bulbstorm, an online community of innovation. A business plan is wrong before it is even printed, because things you can't anticipate will develop. That said, "you must have a business plan, because there is immeasurable value in having a well-thought-out one," Steiner said.

- **Understand your vision.** Building a business plan forces you to scrutinize your strategy, business model, product offering, marketing, capital requirements and staffing needs, Steiner says.

"If you've crafted a plan with constant scrutiny and feedback from your customers, partners and consumers, you're best equipped to succeed," he said. Investors "don't want to run your business. What they want is the confidence that you are the world's greatest expert in how to add value to your market."

- **Build a winning team.** "Ask most investors what section of a business plan is most important, and you'll hear 'management team,'" he said.

Your team must be able to execute the firm's vision, Steiner says.

- **Fill your coffers.** Scott Allison, CEO of Allison & Partners, a public relations firm, subscribes to the adage that cash is king. "Cash flow is relentless, and entrepreneurs, who tend to be optimistic by nature, often overforecast on sales and underforecast on costs," he said. "When starting a business, after you complete your first cash flow analysis, add 20%. When looking at your original sales projections, go back and reduce it by 20%."

- **Prioritize.** Tom Heine, president of Aljex Software, says to focus on sales and cash flow. "When I started Aljex, I started out by spending a year writing a manual for my product, software," he said. "The first 10 clients I landed never looked at the manual. The time I wasted on the manual almost killed my company before it ever took off."



• **Articulate your goals.** For any startup to survive, the entrepreneur must ingrain what the business model is to staff and customers, says Scott Ferguson, CEO of Inilex, a developer of telemetry products.

Customers will never believe in your idea like you do, Steiner said, "so unless you can clearly communicate your advantage over the status quo to them, to the point where they'll spend money, you're dead before you start."

• **Grasp the arena.** Many startups, Steiner says, make the mistake of believing one of two lies: (1) no competition is around and (2) too much competition makes your idea futile.

"Both of these perspectives are ridiculous," he said. "Every startup has competition. ... Don't kill your dream before it gets a chance. Most of the great innovators weren't first. What most breakthrough startups have done is understand their market better than their many competitors, and consequently they have been able to deliver winning solutions."