

What are you risking when creating a startup?

Are you an entrepreneur? Maddyness has compiled a toolkit to help you create, grow, and even sell your own startup. From recruiting a team and protecting your brand to financing your innovation, you will find tips, tools and advice to help you navigate the entrepreneurship labyrinth. In this article: damage-limitation advice when creating your startup.

Too Long? Here's the key takeaways

Before diving in headfirst, ask yourself good questions and think hypothetically on damage limitation

Surround yourself with people who support you and don't hesitate to ask for help

Test your product and study the competition

Anticipate the financial risks

Be ready to fail and learn from these experiences

Hesitate before launching

“Do I really want to be an entrepreneur?” This question may seem simple, but it is the first one that all future entrepreneurs should ask themselves before starting. Entrepreneurship, which is at the same time vocation and profession, should be something that you really want to do. You should be curious about it. Many people have decided to create a business during a part of their life where they were really searching for their vocation and lost themselves professionally.

It isn't worth starting this venture for the wrong reasons. An entrepreneur should want to play their part and feel capable of enduring the long adventure that is creating and developing a business. To be sure that this is what you want to do, it can be helpful to meet with entrepreneurs who are already established and ask for their advice and feedback in order to learn from their experiences.

Finally, you don't have to be an engineer to be a manager of a large company, to have a passion for business, or to always know the right way to do something. Look at your personality, your characteristics, and above all things about you that could hinder your development. Do you know how to trust others? How to delegate projects? Are you too impatient? Figure out the flaws that could slow down your projects and work on them.

“Ask yourself good questions.”

What if I realise that this wasn't for me?

Fed up with working 40 hours a week behind a desk? Do you want to spread your wings? You have tested your motivation; you are sure you want to jump into the entrepreneurship game. It is time to imagine yourself as an entrepreneur, to imagine what your daily life could be like for the next few years. Between a dream (opening a local shop) and reality (spending 10 hours a day in 60 square metres asking clients how their youngest child, their cat, or their neighbour is doing) there is a massive difference.

Being an entrepreneur is not just about counting hours, juggling accounting, paying employees, selling door-to-door, and other time-consuming activities.

Don't forget about the need to think about realistic goals. It's not enough to just launch your business. You also have to ask yourself where will the business be in 5, 10, or 15 years. This is why you should imagine your daily workday but also your goals for the long term.

“Think about goals and the reality of your business.”

What if I am in a bad partnership or I end up alone?

A bad partnership is one of the three major causes of startup failure. Not seeing eye to eye on the strategy, vision or goals, conflicts, personal problems, etc. There are many things that can go wrong with even the most solid partnerships. This just goes to show that it is important to find a good co-founder. Find someone who complements you and who can compensate for your weaknesses. Make sure that you have an equal number of tasks and responsibilities to avoid stepping on each other's toes.

To avoid these problems, it might be enticing to start your business by yourself, but no matter what people may say, it is harder to start a business on your own than you think. If you want to avoid major mistakes and develop your company without a partner, you can try using a support structure that can help you through difficult moments. Incubators, accelerators, public structures, etc. are just some of the many options that exist for people like you. They are there to guide you and allow you to take the time that you need. Some companies can get going in four months, others take several years. Everyone is different!

Additionally, entrepreneur networks can also help you to not feel isolated as well as giving you opportunities to share expertise and learn from personal experiences. Finally, it is important to be able to count on your friends and family for support, but your inner circle may end up raining on your parade. Worried parents, impatient friends, and doubtful uncles are not always helpful. It is however very important to not end up isolating yourself. This can weigh heavy on your morale, especially when you're leading a project alone.

“Surround yourself with people who support you

and ask for help if you need it.”

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How do I know if I am launching the right product on the right market?

You are sure of yourself, you want to be an entrepreneur, and you are more motivated than ever. But do you really understand your business sector, your competition, and your clients? To be a part of the market, no matter the sector, you must offer a genuine service with added value, such as presenting the product differently, having an additional offer, or addressing the clients in a new way.

You must distinguish yourself from existing offers, whether you are entering a niche market, or you have a launching a global game-changer. This choice will greatly determine the margins that follow. However, be careful to not capitalise on prices. With all due respect to Sainsbury's and Primark, taking part in price wars often leads to failure. In order to come out on top, ask yourself what you can bring to the table for your clients; “why would I buy this product over another?”

“Test your product and study the competition.”

What if I lose all my savings (and more)?

Like all new businesses, one of the first risks that you should be aware of is

financial. So ask yourself, is it really necessary to spend all of your savings – or those of your friends and family – in order to launch a startup? Not necessarily, if you know who to talk to (about grants, loans, etc.). But again, don't let this diminish the harsh realities that your business will face, including costs, clients to pay, loans and favours, etc. There are many financial strains that will follow you through the years after your business venture is started.

To create a safety cushion, many entrepreneurs start their business whilst receiving unemployment benefits. This allows them to have daily expenses and the ability to reinvest all the benefits into the startup. But like all good things, the unemployment period will quickly come to an end. This is why it is important to regularly set specific targets, in order to cover yourself in the long run.

Not being able to count on unemployment, some entrepreneurs decide to start their business while holding down a part-time job. Sometimes you can even involve your current employer with your business project. Some companies offer a little financial help to an employee who wants to leave, should the initiative be of interest to them.

To have a good start, there are a handful of important rules that are necessary to follow. You cannot commit to your project without having cleared personal debts first. It is also a good idea, after saving for a couple of years, to bring some starting capital – £5,000 to £10,000.

“Be aware of your finances.”

What if I fail?

In the UK, 60% of new businesses close within three years and 20% of those won't make it past one year. These are numbers to be aware of when starting a business in order to prepare for what may come. Even if mentalities are changing, mostly thanks to the popularity of entrepreneurship, society has an ambiguous relationship with failure, which doesn't help you want to start again so quickly. This is why it is important to prepare for failure and even think about what to do afterwards.

Failure also comes with a bundle of worries for the future. Is there a professional life after a startup? What about employment if I fail? What will my

CV look like? More than fear of unemployment, it is often the fear of not finding a job that they actually enjoy that scares entrepreneurs. Few companies are ever able to offer them the same job or similar responsibilities as they experienced at a startup.

Some people are scared to give potential employers the wrong impression when they tell them that even after spending night after night growing a business, they ended up with nothing to show for it. However, telling employers about the skills that you have gained and what you have learned from the experience is a great way to show that you didn't do all of this "for nothing." Finally, staying in contact with other entrepreneurs is helpful for those who return to a classic job position. Keeping your foot in the door might help you to open the door again one day.

"Be ready to fail and learn lessons."

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Article by MADDYNESS