

Business Action Plan

Keys to start-up success



This Business Action Plan includes a summary of the videos and discusses the keys to start-up success as shared by several successful business people.

Top tips for start-up success

You've got a great idea for a business or want to turn your hobby into a successful enterprise. How do you do it without becoming another small business statistic?

Despite the myths about new business failure rates, start-ups actually have a good chance of survival – more than 2 in 5 will survive. Still, this figure highlights the challenges awaiting entrepreneurs.

In this episode, John Anderson from Contiki Tours outlined his top 3 tips for start-up success:

1. Many entrepreneurs come up with fantastic ideas that simply aren't commercial. So ask yourself: **who's going to buy it?** If you can't answer this question properly, chances are you're going to struggle for sales in the short term.
2. Success doesn't come overnight – you need to **be patient**. Too many business owners expect sales to take off straight away, but anyone who's been successful knows there are lots of ups and downs along the way.
3. **Don't be undercapitalised**. Building a reliable cash flow takes longer than most entrepreneurs expect. Ensure you have adequate capital behind you while you build a client base; it can take a long time before these clients become loyal, meaning you'll initially have to manage a variable cash flow.

Questions start-ups should ask themselves

Is it commercial? Who's going to buy your product or service?

Do you have a business plan which has contingency plans if sales don't take off as soon as you think?

Do you have a cash flow forecast to help you manage cash flow fluctuations? And do you have capital reserves to give you a buffer if success takes longer to achieve than anticipated?

What makes you unique?

Your business plan should help you understand what makes your business unique. Differentiation refers to the things that separate you from competitors in the minds of customers. Knowing your points of differentiation also called your Unique Sales Proposition (USP) will help you promote your uniqueness to customers and ensure you use these differences to your advantage.

Dr Jurgen Klein, founder of Jurlique Cosmetics, advised a start-up operator of the importance of identifying your Unique Sales Proposition. As Dr Klein points out, there are probably hundreds (if not thousands) of other small businesses in your position, so it's vital you stand out.

Some of the questions he poses include:

- **What makes your product stand out from the rest? (This forms your Unique Sales Proposition.)**
- **Can you find or create a niche where you have no competition?**
- **How do you back up your claims? If you don't have a degree or extensive experience in the field it makes it even more important to have a story explaining how you came to be an expert and why people should trust you.**

It can be a competitive jungle out there, which makes identifying your USP all the more important.

Always define points of differentiation from the customer's perspective – that is, they must ultimately lead to a benefit for the customer that gives them a reason to buy.

Creating your Unique Sales Proposition

Step 1: List 3 customer benefits of using your product or service:

Step 2: Are any of these benefits unique or better than your competitors?

Step 3: How do you promote your USP? Make a list of all the ways you could reiterate to customers what makes you unique (eg. website, brochures, hold messages):

The importance of good advice

The minute you think you know it all is precisely the point where your business is most vulnerable. One key to start-up success is to never stop learning. Continue to ask for help or advice from a trusted friend, mentor or business coach.

Despite his vast experience, celebrity agent Harry M Miller keeps a close handle on details and regularly seeks advice from trusted confidants.

Good sources of advice

Some advisers that may benefit your business include: **accountant, lawyer/solicitor, mortgage broker, financial adviser, business banker, business coach and business mentor.**

Identify who would be your source of advice

Summary

Three keys to start-up success are:

1. Manage capital and cash flow;
2. Differentiate your product or service; and
3. Ask for help and advice from trusted sources when you need it.

Free resources at nab.com.au/smallbusiness

- 'Starting a business':
nab.com.au/startingabusiness