

LOWERING THE RISK OF STARTING A BUSINESS

How to lower your risk when starting up

Starting your own business carries risks – planning well in advance and identifying the hazards out on the course will go a long way towards lessening the threats that you'll face.



Gather knowledge

Get an expert on your team

New business owners are unfamiliar with the environment they're stepping into. The best advice is usually expert advice so an advisor will help you drive your business straight down the fairway.



Research your target market

If you haven't studied the lay of the land, you may not be in a position to take advantage of your competitors' weaknesses. Find out who your main competitors are and how well regarded they are in your field.



Plan ahead

Draft a business plan

You need to know the course you'll be playing on before you step onto the first tee. Draw up a plan detailing how you'll attack the challenges presented by your competitors, the environment, any regulatory framework, and even your target market.



Estimate your costs

Will you be purchasing second-hand equipment and considering a low-cost website? Will you need financial help to get off the ground? Just like a new golfer begins with cheap, used clubs, a new business has to weigh up how it will spend its initial outlay.



Example of a SWOT analysis

- **Strengths:** Uniqueness of your products or services
- **Weaknesses:** Potential customers don't know your brand
- **Opportunities:** Gap in the market that your products or services could fill
- **Threats:** Competitors could try to shut you out of the market

Identify the risks

Take some time to ascertain the risks that might affect your performance. Draw up a SWOT analysis to be sure you don't miss an opportunity to score an eagle – and are aware of any hazards.

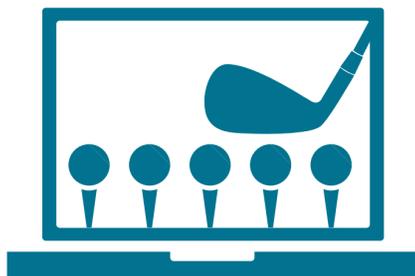


Be sure about your target customer

Do your research so you know what type of consumer is likely to purchase your goods or services. You could lose your position on the course if you miss your target.

Find out about your competitors

You need to know who's in the same game and how much power they have to influence the choices of consumers. Observe their routines and strategies from a safe distance.



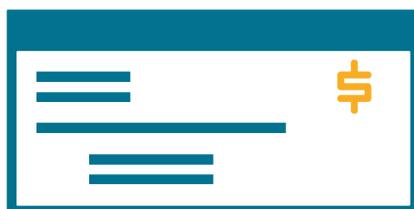
Get into the game

Position your business

You need an identity – a position within your target market that lets customers know what your products or services stand for. Make a decision on positioning before you start up and give it a chance to pay dividends.

Have a market share goal

Write down your market share goal. Use a timeline to show when you plan to reach certain milestones – the prize money will come when you attain your goal.



Time your entry to the market

Consider the timing of your start up – it may be a case of when to quit your day job and jump full time into your new business..

Be ready for your competitors' reactions

After you enter the game, your competitors will try various tactics to limit your business's impact on their bottom line. Prepare for their responses so you can continue to gain supporters.

