

How your start-up can overcome the financial difficulties of getting off the ground

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Start-ups have a critical role to play in the growth of today's economy. Australia has faced increasing competition from its emerging rivals. However, it has still managed to retain its position among the top countries for competitiveness and innovation. The encouragement of 'entrepreneurship' is a major policy initiative of the Australian Government at all levels.

While there is a clear emphasis and a desire for entrepreneurial activity, small businesses and entrepreneurial ventures have demonstrated sizeable failure rates because the concept of entrepreneurship has not been widely accepted or well understood.

Entrepreneurship has confronted several challenges with financial difficulties and constraints always being one the key reasons that prevent many start-ups from getting off the ground.

How to get started

In the first instance, entrepreneurs should test their business idea with a low-cost start-up venture. This may include using a limited amount of capital to begin with. Some entrepreneurs receive financial support from parents, friends and relatives.

A good business should be able to sustain itself for at least two years. These successful start-ups run their business on cash, and they do not need to borrow from a bank. To ensure everything runs smoothly, it takes a lot of financial planning prior to the setting up of these ventures. Initially, start-ups won't have enough customer support making it a challenge to break even in the early stage of the business lifecycle. However, once this problem is overcome, things start to improve dramatically.

Keeping costs low at the beginning

With low cost social media platforms available in the current digital age environment, using mass collaboration and building collective intelligence for the business can significantly reduce the typical marketing cost.

Today's business world is a collaborative economy; digital chat tools and mass-communication can bring many benefits to a company. Modern start-up entrepreneurs like to bring a culture of collaboration with them to their company. Customers can keep in touch with the staff on their mobile phones wherever they are – on the street, in the store, or at work. It gives them a sense of virtual community all day long. It makes them feel like the companies are their friends and are close at hand for any required consultation or support. This strategy means that the cost of acquiring customers is quite low.

Get sponsors and champions for your business

Many entrepreneurs look for sponsors to support their businesses. This requires a sustainable business model with social responsibility. These business start-ups care about integrity – being honest, considerate, transparent and clearly abiding by their commitments.

Honesty is very important. Within the Internet environment, it is very easy for a customer to ascertain whether an entrepreneur is doing one thing and saying another. At a time of uncertainty, people look for companies they can trust. Customers have a low tolerance for companies that misrepresent the position when

they are trying to sell something, and they can find out pretty quickly if that is the case.

Balance passion with practicality to drive business success and don't forget to 'smell the roses'

Other than financial resources, there are many critical factors that can help start-ups to develop into profitable ventures. Enduring passion is a very important factor needed for any business venture to be successful.

Many entrepreneurs had business ideas and dreams when they were younger. Some took part in an entrepreneurship competition for fund-raising. They always feel a sense of accomplishment whenever their customers support their product or service and this drives their passion for their business even further.

Data indicates that entrepreneurs often believe that playing hard is as important as working hard. At the pace at which entrepreneurs run their companies, there is a real danger that they will burn out within a few months if they don't balance their time allocation to both work and play there can be dire consequences. The eagerness to succeed can be mentally exhausting. By taking regular holiday breaks, their minds will be so much fresher and they will see an avalanche of new ideas surfacing as a result of taking some time to 'smell the roses'.

Knowing your business and its unique positioning

It is critical for entrepreneurs to know their business well. It can reduce the cost in hiring expensive staff. They must know their business so well that they can predict with uncanny accuracy what is likely to happen in the industry that they serve. They can then position their company to take advantage of the opportunities that will emerge. Nothing excites them more than to have a new idea for improving their business.

The only way entrepreneurs know their business so well is for them to be very involved in all aspects of their business. Trends change very quickly and this means entrepreneurs must constantly update their knowledge. They have to keep updating themselves and keep going for courses to make sure that they are up to date with the trends.

Knowing people is also a central element in the entrepreneurial experience. Doing business is about forming relationships with other business people. People do business with people they like and trust. As there are many aspects to running a business, one must work with many different types of people. Knowing all kinds of people makes it easier for entrepreneurs to get things done. Knowing people also introduces new clients to the entrepreneur's business. After all, not only do people like to do business with people they know, they also like to offer business and service to people they know.

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