



Article 39

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## **Are You Ready to be Your Own Boss?**

*By J. Roy Miller, State Director, New Mexico Small Business Development Center Network*

It's often said that more people start businesses during economic slumps than when the economy hums. This seems counterintuitive because when recession seizes the economy or seems to be stalking it, consumers limit purchases, businesses slow production and workers lose their jobs. But after an extensive job hunt, many laid-off workers see starting a business as a lot less risky than working for someone else.

The dream of running one's own business has been part of American culture for centuries, championed in films, music and literature. Small business drives the U.S. economy, employing half of all private-sector workers, according to the latest statistics from the U.S. Small Business Administration. All of those businesses started with an individual who envisioned doing things independently.

How do you know if you have what it takes to be your own boss? Consider the following questions, and be brutally honest with yourself when answering.

**Do you have the right character to start a business?** Are you a leader and self-starter? Can you handle stress? Are you and your family prepared for the likelihood that you — and they — might be working long hours?

Character is essential to owning your own business. While there is no standard personality type that fits all successful entrepreneurs, most share a few traits, including self-discipline, tenacity, an ability to learn from mistakes, a willingness to take risks and a realistic understanding of what is required for success.

**How well do you know the industry in which you plan to start your business?** Do you have on-the-job experience and does that experience span many roles? Do you have access to others with complementary knowledge and skills? One advantage of staying in the industry in which you have worked is that you know it. If your knowledge encompasses more than one aspect of the business, your view is even broader and you might be able to see opportunities that others can't. Working in an industry you know often shortens the time to profitability because less time is spent learning the way business is conducted.

That doesn't mean you shouldn't consider entering a field that's new to you if an opportunity exists, but be prepared to hire someone with the experience and skills you lack.

**What makes you think you can provide a better product or service than others in the marketplace?** Is there a market that's being overlooked or an emerging niche just waiting for someone to fill it? Start-ups often have an advantage over large companies in emerging markets because they're compact enough to respond quickly to opportunities. Their products and services can quickly adapt to innovations without having to go through multiple layers of bureaucracy before production starts.

On the other hand, if your plan is to offer existing products or services at a lower price than others in your industry, be aware that larger firms probably have the capital to survive any price war started by your discount competition.

**Baby steps.** Before venturing out on your own, do your homework. Research the market and competition, make a plan and create a budget. If your estimates indicate it will take six months for the business to generate enough revenue to support itself, plan on it taking a year or more for sales volume to reach a sustainable level. Undercapitalization is a common reason for business failure.

The Small Business Development Center Network has advisers in 20 sites around New Mexico that can help you determine if you're ready to go it alone ([www.nmsbdc.org](http://www.nmsbdc.org)). Advisers won't do the work for you, but they'll ask you difficult questions, guide you through a business plan and point you to resources you might not know about.

If you decide not to start a business just now, don't look at your legwork as a waste of time. It's just as important not to start a business destined for failure as it is to pursue an opportunity that seems certain of success.

*Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC), New Mexico Small Business Development Center (NMSBDC), Empowering Business Spirit (EBS), the New Mexico Venture Capital Association (NMVCA) and other partners to assist individuals and businesses in obtaining skills and funding resources for their business or idea. To learn more about resources available to New Mexicans, go to [www.FinanceNewMexico.org](http://www.FinanceNewMexico.org).*

