

Live Your Dream Words of Caution for Starting A Business

By Les Lovoy

You have a dream. You've always wanted start a business. Or is it just work for yourself? According to Diane Roehrig, president and CEO of Alacom Finance, there is a big difference.

"What a lot of people don't realize, before they go out on their own, is that operating a successful business is a whole different subset of talents and challenges" she explained. "But before you tackle the challenges and hurdles of managing a business, you have at least one major decision to make."

That decision is whether you just want to work for yourself, and be satisfied with that. The difference? According to Michael E. Gerber, author of "*The E Myth Revisited*," most people who go into business aren't entrepreneurs. They are technicians. They know how to do the work, so they assume that they know how to create a business that works. In other words, "Because I'm a great cook, I can run a restaurant."

Gerber explains that all businesses need three things; the entrepreneur, who is the inventor/visionary, the technician is the producer and manager is the enabler.

Diane explains that to create a business, large or small, you do need those things, but I would add a few things, as well. You also need a sales staff, or at least a client acquisition strategy, and of course you need the production capacity.

To make that quantum leap from "working for yourself" to "owning a thriving, successful business," you need to find someone or people who are able to complete certain tasks. You find the things that either you are not good at, or things that you like the least.

"Some owners don't trust anyone's judgment," Roehrig explained. "If you want to grow, you hire people and make them accountable. Hire a good sales person and make them accountable. Hire a bookkeeper and make them accountable. Never fail to create a system of checks and balances.

"When hiring a bookkeeper, many businesses have someone in the family to manage the books," Roehrig said. "Of course, it gives you someone you can trust, but it still is not a good idea. It takes the objectivity out of the process. You need a disinterested third party to keep the books."

It's also a good idea to have someone keep track of the invoices and someone else to cut the checks and deposit the money. If you have someone who has total control, you may never know what is happening in your company. "You don't need one person doing everything, Roehrig said. "They are no double checks. There are a hundred ways to steal."

Another reason why you need to have a proper bookkeeping system is to prove your business' solvency and success to the bank or lending institution. Sooner or later, you may need someone to look at your books, and without proper records, you can't justify or prove your success or solvency.

"In addition to bookkeeping, you have to keep up with your payroll taxes," Roehrig said. "The IRS is very serious about this. If you are not putting in your share for your employees, they look at it as if you were stealing from your employees. To them, this is one unforgivable sin."

Ok. You understand about not being to do everything yourself. You're created a division of labor, and a system of checks and balances. However, to grow, you need financing. Do you work yourself to a frazzle and save money to hire employees? Do you borrow money from the bank or another lending institution? Do you get a charge card with a very large available balance?

Roehrig said there are several funding options available to small businesses.

- There's always **barter**
- You can also **establish credit through a card**
- **A revolving line of credit** is helpful.
- **Term loans** are beneficial.

"Alacom can help you access funding for any stage of start up and growth that is consistent with your needs " Roehrig said. "Americans have always been creative, ingenious, inventive and productive. We are always inventing a better mousetrap. Alacom Finance nurtures that drive. Whether it's a car wash or putting a man on the moon. It's all the same."