

Questions you must ask yourself before starting your own venture

Written by Smitha Hari

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In today's world, it is not very difficult to start a business. Several experienced professionals and many youngsters, some even when they are studying, start their own ventures with the hope of building a huge business. Regulations are friendlier, funding is easy and mentors are also available. As a result, there are many start ups mushrooming in various sectors in different parts of the country every week. But how many of these start ups really succeed and make a mark? How many of them live to see the light at the end of the tunnel? Hardly any!

So why is the success rate of start ups low? The reasons are many, but the most important reason is probably that budding entrepreneurs do not ask themselves some important questions before starting out on their own. It is important to understand if one is ready for entrepreneurship before starting a business. While many budding entrepreneurs fail to understand the magnitude of this decision and therefore do not analyse these aspects at all, some others do not answer these questions honestly. It is very important to have an open mind and be rational before venturing into entrepreneurship. Here are some such questions which you must ask yourself before starting your own venture:

Do you have a dream?

A great company is born out of a simple dream. A dream is what drives an entrepreneur to start something on his own. It is this dream which pushes him to grow his business and make it big.

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More often than not, start ups which are born from a dream and the passion accompanying this dream is more successful than one which comes into existence by default. Ask yourself what drives you and what interests you before you start a business.

Is your start up solving a problem?

It is generally not enough if you have a dream or the passion. The idea you have should provide a solution to a problem faced by one or more sections of the society. While this is not a general rule, it is often seen that an innovative idea which solves a problem or shortfall has more chances of succeeding than a repetitive idea which does not address a problem.

Can you take the risk?

A start up is as risky as it is exciting. This is in fact the first question which should come to your mind. There are two parts to this question - risk appetite and risk tolerance. If you are a risk averse person in general and prefer a regular salary in your account, then entrepreneurship may not be the right thing for you. Sometimes, a person may have the appetite to take the risk. But he needs to evaluate if he can bear the risk in financial terms. This is termed as risk tolerance. For a example, someone who is married and has a child, along with a home loan running, will have to have a sufficient savings corpus to sustain his family and liabilities when he starts a business. Therefore ask yourself if you have both the risk appetite as well the risk tolerance to start a business.

Can you work in an unstructured manner?

Working in a start up is usually haphazard. You may be required to perform multiple roles at the same time. While there is flexibility when you are an entrepreneur, it usually borders on the lines of being unstructured and lacking organisation. Are you willing to work in such an environment, with crazy timings and unorganised patterns? Not everyone will enjoy something like this.

Are you willing to be patient?

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Almost all start ups take time to yield revenues and longer time to give profits. Sometimes, entrepreneurs need to invest time, energy and money for 2 or 3 years before they can see light. Are you ready to be patient for a long time? If the answer to this is yes, you could be ready for a start up. However, remember that at some point your business should start giving you returns. Otherwise it will not make sense for you to continue. Prepare a business plan, understand the payback time and then ask yourself this question.

How much can you network?

Entrepreneurs should breathe networking. Any amount of networking and reaching out to people is less when you start a business. If you are averse to the idea of discussing your product or service with others or are uncomfortable in talking to strangers, you may want to give entrepreneurship a second thought.

Starting a business with a new idea is exciting and can also be fun. But it is important to be sure if you are really made for entrepreneurship before you walk down this path. Ask yourself these questions, give honest answers and then make your decision.



About the author: *Smitha Hari is the founder-partner of THINK Financial Advisors & Consultants, Mumbai, a financial consulting firm offering business research services, feasibility studies, business plans, valuation services and fund raising services to SMEs.*

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