Four things you must do to ensure your start-up survives its first year

by Kate McIntyre | 26 Feb 2021

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Starting a new business in any field can be a gamble and the world of mortgage broking is no exception. *MPA* spoke with author of *The Unlikely Entrepreneur*, Alan Manly, for his top four tips on how to ensure your start-up survives its first year.

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1. Plan for growth

One thing that many start-ups don't do is plan for growth – yet this is an essential part of building a business, said Manly. Instead, a lot of small business owners hold the humble goal of simply starting a business and working for themselves. Once they do that, they claim success.

"In actual fact, that can be a bit of a trap," he said. "If you don't plan on growth you'll be sitting in your spare bedroom for the rest of your life, and that can be pretty awful."

While some people are happy to run a one- or two-person business and not push for growth, doing so can be risky.

"If there is a bit of a downturn in business you can be really caught out," he said.

entrepreneur that brings something different to the market. In addition to this, a unique sales proposition will help a business owner to grow their customer base beyond the few they started out with.

“Start-ups very rarely think about that,” he said. “They think ‘I’ve got a really good customer that loves me, and I’ve been working with them for years. I know their whole family, they love me’.”

But it would only take another professional who is cheaper, better or boasts a more unique sales proposition to come along and take those customers away.

Coming up with a point of difference can often be easier said than done, but for Manly, the answer lies in the customer experience. If you can ensure this is pleasant, it creates a positive relationship between consumer and product that leads to loyalty and satisfaction.

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3. Make it scalable

It’s not uncommon for small business owners to work 16 hours a day to ensure their start-up thrives, but this is rarely sustainable over the long term. So, when it comes to selling a business after years of hard work, the last thing you want to hear is that your business isn’t worth buying.

“I see a lot of people my age who are pushing retirement, they go to sell their business and the sad thing is, it’s not worth anything,” said Manly.

A lot of the time this is because the customer experience is based on the relationships they have with the business owners – meaning the value ends when they leave the business.

“If it’s not scalable, you can’t sell it,” said Manly.

4. Have an exit plan

Last year was certainly proof that things can change without warning. According to Manly, any new start-up should have an exit plan worked out from day one.

“When I like to get people to talk about the exit plan is at the beginning - and they all think I’m mad,” he said.

But the fact of the matter is, despite the enthusiasm and investment a business owner pours into a new venture, sometimes things just don’t work out. Whether a new piece of legislation or a pandemic threatens your viability, or whether you become successful but can’t sell your business, an exit plan can help you know how to play your cards right.

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“The plan could be how long do I live on half wages while I’m setting this up? How long do I keep earning money still not making a profit? One of the questions for setting up a business is, what is the return on investment and when do I get the return?” said Manly.

Knowing how much you are prepared to put into the business, as well as the alternatives if it doesn’t work out, is an important safeguard against financial ruin. But there is no set formula to know when to quit, he said. A person’s risk appetite is a big part of the gamble of being an entrepreneur.

“Knowing when to quit? That’s like the Kenny Rogers song, ‘you gotta know when to hold them, you gotta know when to fold them’,” said Manly.

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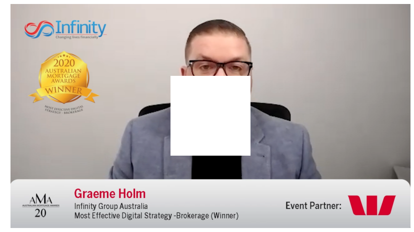

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