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The 5 toughest business lessons no one tells you

By Alan Manly on November 11, 2017



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My entrepreneurial journey started in my mid thirties with endless enthusiasm, just enough confidence and a little knowledge that proved dangerous. I surrendered corporate security in pursuit of establishing a private college training computer programmers in the education sector. Thirty years later we have a college awarding MBAs in Entrepreneurship. Sounds great if you say it quickly, but even when managing an entrepreneurial learning institution you are still a student in basic entrepreneurship.

The fear of failure and the consequences have been known to my family along the way.

My entrepreneurial adventures have taken me and my family on a risk filled, reasonably rewarding, high stress adventure. Logically the higher the risk, the higher the reward, however, no matter the years of experience if one wrong risk is taken it can quickly become the one risk that undoes all the years of long hours and high stress.

When you are winning it was perceived that you have learnt the required lessons. If you fail then perhaps there was one tough lesson not yet learnt. Looking back on the journey, there's 5 tough lessons I learnt:

Business is business.

A cute sounding mantra chanted by those who celebrate that they are no longer mere employees but true entrepreneurs in business for themselves. Sadly this can also be the cold words of rejection coming from someone thought to be a friend or

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lack of total rejection. Every single sale must be closed to ensure that it is a sale. Assumptions are for asses.

Startup or ripoff

We have all seen a startup celebrated in the media. Pictured are the smiling faces of the team of savvy business operators who are capitalising on their personal contacts, industry experience and understanding of customer needs to address the market by offering more for less. A rarely seen picture is that of the entrepreneur who built a business, employed bright staff, provided training and career guidance for several years, only to see them take your IP and start their own business. Breeding your own well trained competition is a tough lesson for any entrepreneur.

Don't tie up your home loan with your business loan

As the old saying goes, "never put all your eggs in the one basket". This applies in particular to Banks. The business of banks is to lend money at the lowest risk for the highest interest rate that the market will bear. The lowest risk is government guaranteed bonds followed by home loans. The highest risk is anything to do with entrepreneurs multiplied several times when the word startup is mentioned. Banks love to hear about a startup that needs funding and has an asset to secure the loan, with the most common security being your home. At this point in time the entrepreneur can easily be sold the idea of a banking relationship that would have the home loan and the company accounts all in the same supportive hands. This relationship is all good in the early days but when things get tight and the tough have to get going, the bank, who will then be all knowing, will naturally seek to reduce their risk. It may not be to the entrepreneurs liking that one day the bank seeks more details about how you are running your business and express concern about their loan. You now have a new boss who owns your house. Best keep a home loan away from your business banking.

Cash flow, cash flow, cash flow

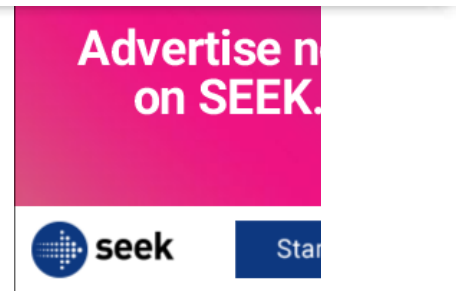
You only have a business when you have a customer. You in turn have a customer when they pay for your goods and services. That is what is called positive cash flow. When running a startup it is easy to focus on building the business to fulfil the mission as per the business plan. Building the dream can become an excuse to avoid facing the harsh reality that all business plans have one thing in common. That great day when the company is cash flow positive.

It's nothing personal

The company you have built is of course an extension of yourself and your personality. The beginning was like raising a child that was totally dependent on you for everything. It was you and you were it. But as with children they need to grow and be independent. The petty cash may have been underwritten by your credit card at the beginning but as the company grows independent it deserves to be treated with respect. Failure to allow it to grow away from you can result in your being inappropriately dependent on it. You must ensure that you live within your means and allow the company to stand as an independent entity that others would be prepared to invest in. That, after all, is what is in most business plans.

These lessons aren't popular discussion points but so many times when you read of an entrepreneurial company collapsing there is a sad tale of one or more of these hidden in the media report.

The one overriding lesson that I have learnt is that it is not a matter of never making mistakes but whether you can develop the skill to learn from yours mistakes and better still learn from others. Having taken the risks I have enjoyed the rewards. If I was given my time over I would do it all again, only next time I would hope to learn more from others somewhat quicker.



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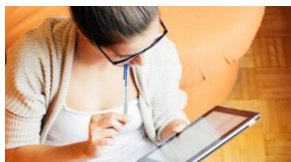
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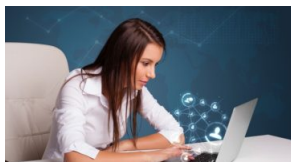


Alan Manly is the founder of Group Colleges Australia and author of the new book, The Unlikely Entrepreneur. To find out more visit www.alanmanly.com.au

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