

## BUSINESS ADVICE

## The five toughest business lessons no one tells you

ALAN MANLY - OCTOBER 13, 2022

3 MIN READ



As an entrepreneur with decades of experience, [Alan Manly OAM](#) is now the CEO of Universal Business School Sydney (UBSS) and author of *The Unlikely Entrepreneur*. He shares the five toughest business lessons he learned the hard way, so you don't have to.

When you're winning, people perceive that you've learned the required lessons, and that is certainly true for me. My entrepreneurial journey started in my mid-thirties with endless enthusiasm, just enough confidence and a little knowledge – a dangerous combination.

Given my time over I would do it all again, only next time I would hope to learn more from others more quickly.

While we've all been forced to learn some hard lessons during the COVID era, when I look back now, there are five tough lessons I learned throughout my career I want to share, so you can learn from my mistakes.

### Lesson 1: The only constant in life is change

There's a reason this observation, made by Greek philosopher Heraclitus over 2,500 years ago, is still a cliché.

Thirty years ago, I surrendered my corporate security job in pursuit of a dream – to establish a private college, training computer programmers in the education sector.

Logically, I assumed *'the higher the risk, the higher the reward'*. And sure enough, my entrepreneurial adventures took me and my family on a risk-filled, reasonably rewarding adventure. However, no matter my years of experience, one wrong risk can still lead to failure, quickly undoing years of long hours and high-stress work, to this day.

We now have a college awarding MBAs in Entrepreneurship, but I am still a student in basic entrepreneurship. For example, I'm still digesting [how the pandemic will change my entrepreneurial world](#).

### Lesson 2: Banks don't love entrepreneurs

They may claim to admire small businesses, but do not mistake that for wanting to lend money to a startup entrepreneur.

Banks love to hear about a startup that has an asset to secure the loan, especially your home. But when things get tight, the bank will naturally seek to reduce their risk, and in the name of concern for their loan, seek more details about how you are running your business. You now have a new boss who owns your house!

Best keep a home loan away from your business banking and loans.

Become **PAYG** as soon as possible when setting up your startup. Then, when you apply for a home loan, say that you are a PAYG and no more. If cornered about your startup, suggest that you are an executive director only.

### Lesson 3: Cash flow, cash flow, cash flow

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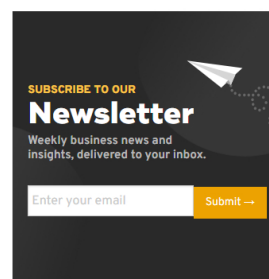
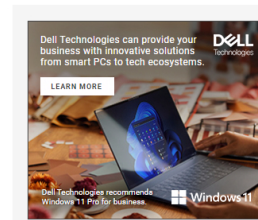
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You only have a business when you have a customer. You only have a customer when they pay for your goods and services. That is [positive cash flow](#).

When starting up, it's easy to focus on fulfilling that business plan. But building the dream can become a distraction from the harsh reality of every business plan's target: the day your company becomes cash flow positive.

The cute mantra 'business is business' is chanted by happy entrepreneurs who are no longer employees, but 'business is business' can also be cold words of rejection coming from someone thought to be a friend, or an old customer from whom you expected support.

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

## Lesson 4: Startup or rip-off?

Breeding your own well-trained competition is a tough lesson for any entrepreneur.

We all see new startups celebrated in the media. Pictured is the smiling team of savvy business operators who've put themselves out there, capitalised 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 these employees take their [Intellectual Property](#) and start their own business.

The only solution here is to become more competitive.

## Lesson 5: It's nothing personal

The company you've built is an extension of yourself and your personality. Having a startup was like raising a child – it was dependent on you for everything. And that dependence went both ways.

The petty cash may have been underwritten by your credit card at the beginning, but as the company grows it deserves to be treated with respect. You must ensure that you live within your means and not become [inappropriately dependent on the company's resources](#).

And like children, businesses also need to grow. If you allow the company to stand as an independent entity, others will be prepared to invest in it as well. And finding investors is in most business plans.

## Learning from mistakes


These lessons are not popular discussion points, but when you read of an entrepreneurial company collapsing, there's often a sad tale of one or more of these mistakes hidden in the media report.

The overriding lesson I've learned is that it is not a matter of *never* making mistakes, but whether you can learn from those mistakes and better still, learn from the mistakes of others.

Having taken the risks, I have enjoyed the rewards, and so will you.

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So, you've managed to survive your first year of running a startup. Congratulations, you've made it further than most. Unfortunately, your journey is far from over and it's time that we had a bit of a reality check, writes Alan Manly OAM, CEO of Universal Business School Sydney (UBSS) and author of *The Unlikely Entrepreneur*. ... [Continue reading](#)

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