

Observations for entrepreneurs...

By [Mike Vacy-Lyle](#)

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There are no rules in entrepreneurship. People often wax lyrical around following certain formulae for success and globally, millions of books are sold on the promise of riches. Sure, we can all learn from others, and it is true that successful entrepreneurs are open to learning, but there is no magic formula here.



Mike Vacy-Lyle

Having said that, as we kick off Global Entrepreneurship Week, I thought I would share some behaviours we at FNB Business have observed in successful entrepreneurs... so here goes!

1. **There is no such thing as a part time entrepreneur**

One cannot run a business part-time if you want proper success. It is very rare that someone has a large day job as an employee of one company and at the same time runs a rapidly growing entrepreneurial business. Unfortunately, when it comes to entrepreneurship you cannot hedge your bets – you need to be all in.

2. **You need a business plan, and yes it must be written down, with financial projections**

This is where most entrepreneurs fall short. Remember if you are launching a business, unless it is completely new technology or a novel way of doing something, you are merely displacing better established businesses... in other words, you will always need differentiation. You must be able to articulate this and defend this – why will this work?

A business plan also means sizing the opportunity and converting this into realistic revenue and profit – is this opportunity realistically going to generate enough profit based on the capital and effort I am putting into the business? How much money do I need to make this idea reach scale and where will I get this money from?

You need realistic expectations of debt vs equity funding and understand the difference. Commercial banks do not fund early stage start-ups – this is outside their mandates as this funding represents *equity* risk in most cases and commercial banks have senior debt mandates. There are many other sources of funding out there for e.g. FNB's Vumela Enterprise Development Fund which has raised around R400m in funding.

Do your homework around the funding landscape. Understand your route to market properly – is this an app-based solution? How do customers want to interact with my business? Can I differentiate myself through a channel? What is the most cost effective and customer friendly way for me to offer this product or service? Write down your merchandising plan including pricing; route to market; how you going to promote sales (the value offering) and where you going to sell the product (key 4Ps of marketing). If your business is app based you can't effectively launch this via print media...get professional advice on a marketing plan. It will be money well spent!

3. **Get good advice**

As stated above, this will cost some money but it will be money well spent. Make sure you get best advice when drawing up purchase and sale agreements; employment contracts; lease agreements; supply agreements, etc. spending some money upfront on this will save you hugely in the future. I cannot tell you how many times we hear “if only we had prepared properly for this...”

4. **Invest in the A-team**

Your business plan will fail without proper execution and this depends on you getting a motivated and skilled team that buys into the plan. You must attract and retain the best talent. Pay for results – let your team participate in the businesses success. Remember it is really hard to terminate non-performers so take your time in selecting your team – conduct proper interviews and assessments and be part of the recruitment of all key staff.

5. **Run a small business like it is a big business**

This is my last observation and probably the most important. Make sure you have proper governance in place including a budget; monthly management accounts allowing you to track your business case; regular team and management meetings; up to date tax affairs and other key regulatory returns. At the same time, have bold plans and dream big! Keep challenging yourself and your team.

I believe writing things down and checking your thinking is a great discipline – find the time to reflect on these points

I have a world of respect for all entrepreneurs – after all you are the future of our amazing country.

ABOUT THE AUTHOR

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