

Use Alternative Entry Strategies When Starting a Business

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There are many reasons people go into business for themselves, and there are many options for entering into business. Not only can entrepreneurs enter the business world by starting their own businesses, they also can buy an existing business or buy into an existing operation.

Starting a new business can be the most exciting method of getting into business, as it permits the most freedom. It allows entrepreneurs to develop strategies, marketing approaches and employment requirements. Inventing a new product can be one way to start a business. When doing this, entrepreneurs must face the reality of the marketplace and determine how to finance the endeavor. They also must understand the limitations of a business based on one product and be prepared to spend a lot of time and energy getting the product in front of potential customers.

Other opportunities exist to make a business out of a hobby. When doing this, entrepreneurs must consider whether the product or service has an economic value in order to make a profit. It's also important to remember when using a hobby as a business, entrepreneurs may not have time to enjoy the hobby the way they once did. For example, if a fly-fishing enthusiast opens a fly-fishing equipment shop, they may have to cut back on leisurely fishing trips they once enjoyed in order to dedicate adequate time to their business.

Many successful businesses have been launched by entrepreneurs who recognized an unfulfilled need, and worked hard to deliver a product or service that would fill it. Others have started businesses based on their specific technical education or have acquired various skills through prior business experience. For example, a nurse may move from hospital-based work to consulting for an HMO on healthcare costs.

Many businesses will buy an existing business to round out the services they can offer. For instance, a local marketing firm might purchase a direct-mail fulfillment house in order to expand its business. Although buying a business may not offer the same opportunity for creativity as starting a business, there are many ways to express ideas by improving the image, expanding the customer base and streamlining operations. Buying an existing business can be profitable because it avoids the lead-time normally required to launch a business. It also helps entrepreneurs understand expected income and expenses, acquire an existing customer base and take hold of an established image.

Buying into an existing business can sometimes be less troublesome than starting a company from scratch. Major opportunities are found with companies in the developmental stage, small manufacturing companies or specialty companies. In pursuing this option, make sure the company is financially sound. Ask for a copy of their business

plan and study it. Make sure all questions are answered and the current owners also are comfortable with the arrangement.

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SOURCE: Marilyn Schlake, program coordinator, Center For Applied Rural Innovation, Nebraska EDGE program, NU/IANR; NX Level Guide, 2000