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Lessons learned by a new business owner

August marks the second anniversary for my young company. According to data provided by the U.S. Census Bureau, Brimeyer LLC is among the 69 percent of businesses which survive at least two years. It seems an appropriate time to reflect on some lessons learned.

First, there's a big difference between having a good idea and having a viable business. The Small Business Administration provides a useful business plan template that forces the hopeful entrepreneur to consider all aspects of the new venture. We've all heard the phrase, "You don't know what you don't know." The business template highlights those areas that require additional research.

Be conservative when completing the business plan. There will be unexpected expenses and delays. When conducting market research, understand that not everyone who tells you that you've got a great idea will become a customer; many are just trying to be kind and encouraging.

Don't overlook legal and professional fees as well as insurance when estimating expenses. QuickBooks accounting software and online services, such as LegalZoom, were great



**Rick
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investments for my company.

A traditional financial planning rule of thumb suggests individuals carry a three- to six-month emergency fund. While this is typically adequate for individuals who consider their employment steady and secure, 12 months or more is appropriate for someone taking on the risks of a new business. In my case, it was eight long months before it became clear I had a viable venture.

Those leaving the comfort of a traditional employer should make sure they consider the cost of all of the benefits they'll be forfeiting. In my case, making up employer contributions for health insurance, retirement plan, Social Security match and Medicare match amounted to more than \$20,000 per year. For the self-employed, those expenses are as real as groceries and gas.

Note that paid time off was not included in the forfeited benefits above. That's because vacation, sick leave, personal time and bereave-

ment are typically not out-of-pocket expenses for the self-employed. When migrating from employed to going it alone, paid time off becomes simply time off. The lights to the business are off.

That's unfortunate because owning a business blurs the lines between work and life. While there may be more personal schedule flexibility depending on the type of business, almost every small business owner will testify that they work more than they did when they were employed by someone else.

Thus it becomes critical to regularly step away from the business to not only recharge the batteries but also to see more clearly the forest through the trees. Things can change quickly with a small business as new opportunities and challenges arise.

A clear head is vital to making sound decisions to direct the business. Once the leap is taken, the entrepreneurial light switch is flipped on. Potential opportunities appear almost constantly where before there were apparently none. Sound thinking is needed to determine which are legitimate and which are merely distractions.

I track over a half-dozen revenue

streams with my business, but more than 95 percent of revenue comes from the cornerstone on which the business was founded – consulting. I make sure the other revenue streams support rather than detract from my bread and butter.

It only follows then that focusing on the primary revenue stream means taking good care of existing customers. Retaining existing customers is almost always easier than finding new ones. More importantly, in today's socially networked world, creating outspoken fans of current customers is a most effective marketing strategy.

These are all good lessons I'll need to keep in mind if Brimeyer LLC is to see its fifth anniversary, which the U.S. Census Bureau reports only 44 percent of new companies experience.

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