

# **ASSESS YOUR READINESS TO START A BUSINESS**

Before you decide to start your own business, you should assess whether or not you are ready to run a business of your own. The success of your business will depend on your entrepreneurial abilities (personal characteristics, situation and skills) and your commitment to the environment and community. You should consider which of your characteristics needs improvement and then try to change your situation and skills.

## **1. Assess your entrepreneurial abilities**

The following activity will help you find out if you have the abilities to successfully run your business. Be honest in your assessment.

### **ACTIVITY 1**

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To help you decide if you have what it takes to be in business, think about each of the following factors. Decide if each of these factors is a strength or an area in which you need to improve. For example, if you have knowledge in business management, this is a strong point. But if you lack such knowledge and you plan to hire someone else to manage your business and make decisions, then this may be an area of improvement.

PERSONAL CHARACTERISTICS AND YOUR SITUATION	AREAS OF STRENGTH	AREAS THAT NEED IMPROVEMENT
<p><b>Commitment</b></p> <p>For your business to be a reality and to succeed, you must be committed. Commitment means that you are willing to put your business before almost everything else. Do you want to be in business for a long time? Can you spend most of your time and efforts on your business?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Motivation</b></p> <p>Your business is more likely to succeed if you are very motivated to try your business idea, create wealth and make your money work for you. Do you know clearly why you want to have your own business?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Taking risks</b></p> <p>There is no absolutely safe business idea. You always run the risk of failure. Are you prepared to take risks? Are you willing to risk your money to invest in your business?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Making decisions</b></p> <p>You are in charge of your business, which means that you have to make decisions that may lead to either success or failure. Important decisions cannot be postponed or passed on to someone else. Can you make difficult decisions by yourself?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Ability to handle stress</b></p> <p>Entrepreneurs are subject to a lot of stress. Stress may be the result of either difficult decisions that must be made, dealing with stakeholders in the business or working long hours. Are you excited about your business prospects? Do you derive a great deal of enjoyment from your work?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Problem solving</b></p> <p>Running your own business requires that you are able to solve problems. Do you have the ability to solve the root cause of problems in creative ways?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Goal orientation</b></p> <p>One feature that differentiates an entrepreneur from an employee is the ability to develop and achieve goals. You should be able to envision where your business is headed and to see the bigger picture, rather than just focusing on minor details. Have you drawn a vision and set a goal for your business?</p>	<input type="checkbox"/>	<input type="checkbox"/>

### Social support

Running your business will take a lot of time and effort. It is important to have adequate support from family, friends and other business people. Do you have a social network of people and organizations that will support the realization of your dream?

### Financial situation

Access to financial resources to start your business is important. Have you set money aside to get your business started? If you need additional funds, do you have family or friends who might be willing and able to lend you money, to use their assets to guarantee your loan with a financial institution? Do you have a savings or credit history with a financial institution that offers loans to new businesses?

SKILLS	AREAS OF STRENGTH	AREAS THAT NEED IMPROVEMENT
<b>Technical skills</b> <p>Technical skills are the practical abilities you need for your business idea to result in goods produced or services provided. For example, if you want to start a cell phone service and repair shop, you need to know how to repair cell phones. Do you have technical skills that are necessary for your business?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Business management skills</b> <p>Business management skills are the abilities to run your business efficiently. Do you have skills in marketing, costing, record keeping, people motivation, etc.?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Knowledge of your line of business</b> <p>The more you know about your line of business, the more you will avoid making costly mistakes. Do you have a detailed knowledge of the specific type of business that you want to start?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Negotiation skills</b> <p>Negotiation skill is the ability to communicate with others without offending anyone. When you negotiate, you not only think about what is in your favour, but you must be aware of things that are in the other person's favour also. Can you get what you want from a negotiation in a way that both parties can benefit?</p>	<input type="checkbox"/>	<input type="checkbox"/>

ENVIRONMENTAL AND COMMUNITY CONCERNS	AREAS OF STRENGTH	AREAS THAT NEED IMPROVEMENT
<p><b>Your business and the environment</b></p> <p>As an entrepreneur, you need to know the environmental issues affecting your line of business. Do you know how to sustain the natural capital or resources on which your business depends?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Commitment to your community</b></p> <p>Your business needs to be community friendly. Entrepreneurs are important members of the community and you need to have a commitment to the advancement of the community as a whole. Do you have a good relationship with the community?</p>	<input type="checkbox"/>	<input type="checkbox"/>

Number of areas of strength

Number of areas that need improvement

Count the number of areas of strength and the number of areas that need improvement and write the total here.

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Look at the assessment areas above and decide which ones that need improvement or growth are critical for your business success. Note the number of needed improvements below:

CRITICAL AREAS NEEDING IMPROVEMENT AND GROWTH

## 2. How to strengthen your entrepreneurial abilities?

There are many ways to alter your characteristics, improve your business skills and situation and also address the necessary environmental and community concerns. Here are some suggestions on how to strengthen your entrepreneurial abilities:



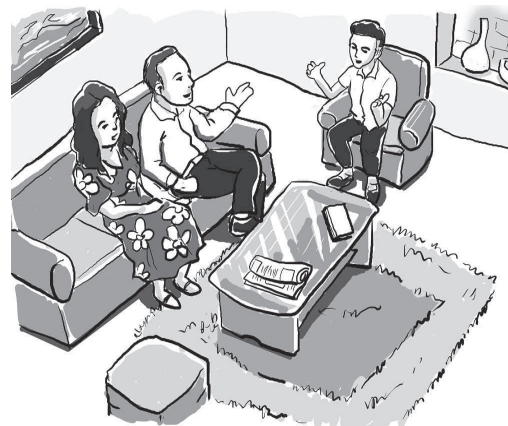
**Read:** Research on books about businesses that can be found in most libraries; also read business related articles on the internet, in newspapers and magazines.



**Attend training:** Find and attend university or privately funded training programmes in business management, technical skills or motivation and entrepreneurship.



**Learn from successful business people:** You should be able to find successful business people who will talk to you about their businesses. If they allow you to visit their business locations, observe them as they work and learn from them. If possible, work as an apprentice in a related successful business.



**Seek help from others:** Talk about the areas that need improvement with your friends and family. You could also join a business association and discuss the issues with other members in the association.

You might want to think about finding a partner who complements your abilities, instead of going into business entirely on your own. A partner might also be able to bring financial resources, collateral or relationships with financial service providers that could be helpful if your business ever needed a loan.

There are a number of successful business people who did not have much experience or practice in a business situation before starting their businesses. What is important is to be aware of the areas that need improvement and develop a plan of action to deal with these before they negatively affect your business.



## ACTIVITY 2

Complete the following Action Plan to help you think about ways to improve your entrepreneurial abilities.

<b>ACTION PLAN</b>	
<b>My characteristics and situation</b>	<b>What will I do to strengthen them?</b>
<b>My skills</b>	<b>What will I do to strengthen them?</b>
<b>Environmental concerns</b>	<b>What will I do to address them?</b>
<b>Community concerns</b>	<b>What will I do to address them?</b>

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Include these issues in your capacity development plan in the Action Plan at the end of this manual.



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Now do you feel comfortable about starting your own business?

Yes  No

If you are comfortable about starting your own business and think that you will be able to work on the areas that need improvement, you are ready to start planning. The following parts will guide you in the process of creating an Action Plan to actually start the business.

If you have answered “No” to the question above, think more about what you can do to improve your abilities as an entrepreneur. Remember, not everyone can run a business. If you still do not feel comfortable about starting a business, maybe you should work for somebody else instead.

## SUMMARY



In Part I you have learned the following:

- Before you decide to start your own business, you should assess whether or not you are ready to run a business.
- The success of your business will depend on your personal characteristics, situation, skills and how well you address environmental and community concerns. The more entrepreneurial characteristics, situation and skills you have, the more likely it is that your business will succeed.
- You can make yourself aware of the characteristics that need improvement, change your situation, address environmental and community concerns and acquire the skills needed for the business.