

Surviving Your First Year

Your new business has opened its doors. It has been a challenge finding a good idea, obtaining funding, and getting the necessary permits in order. You have also had to find suppliers, get your facility ready, whether a brick and mortar store or an ecommerce site, and maybe hire some employees.

So now that you've accomplished those steps, the party is over and the real hard work begins.

“Many business owners often take this time to have a big celebration and they should because it is a realization of a dream,” says Glenn Muske, the North Dakota State University Extension Service’s rural and agribusiness enterprise development specialist. “Yet they need to know they face odds that are not stacked in their favor. Thirty to even 50 percent will not be there one year later.”

Some of the greatest obstacles are still ahead. Perhaps that largest of these is marketing.

Often business owners do a big marketing campaign when they open. But they have no plan for marketing beyond that point. They may place an ad in the paper and start a website, but they have no focus or clear message.

Yes, you may have had sales that first day or week, but will the customers return? How are you reaching out to those customers to ensure they do? And what about those who stopped in, enjoyed your coffee, took home a “freebie” and never come back?

You may tell yourself you have a product everyone wants. But the reality is that this is the case less than 1 percent of the time.

Plus, you face the response from you competition. And you do have competition.

“Dollars can be used for anything,” says (Insert name and title) of (Insert county). “You may be selling a staple such as groceries, but even then, people have choices such as restaurants, convenience stores, the big-box stores and even mobile food trucks.”

“And the competition for that dollar comes from other product and service categories,” continued (Insert last name).

Another big problem for business owners is the failure to develop a solid cash-flow plan. When the doors open, many business owners often are about tapped out. Sales are slow to start, the business owners already have maxed out support from family and friends, and the bank probably is not ready to put more money into the business yet. Some business owners may not have even taken the time to establish a business relationship with their local banker.

In terms of cash flow, one issue that often hurts small-business owners is getting behind on payroll taxes. It seems like a way to help your cash situation. Remember, though, that this is not

your money. State and federal tax officials will be in touch with you soon if you do not pay payroll taxes.

Often the business owner also has not taken the time to build a support network, thinking he or she will have time to do that when the doors are open. The problem is that when the doors open, you'll have even less time. Plus, that network, which should include seasoned business owners, could have told you about some of these startup issues if you would have asked.

Finally, problems will arise out of the blue. These issues may, and often do, require more of your nonexistent cash, but they also eat into your limited time and even can reach the point where they shut you down. These unexpected issues may be a patent or trademark infringement, a building code violation or bad batch of product. If such issues can happen, they might. During that first year, they can mean the demise of your business. Your solution often will involve time, money and your professional network.

The bottom line: The easy work is done. Now is make-or-break time for many new businesses. Make your plans but be ready to be flexible.

For more help, check with your local Extension Service office at [insert phone number and email address]. Also visit NDSU's small-business support website at www.ag.ndsu.edu/smallbusiness and sign up for the monthly newsletter. Or check out Facebook at www.facebook.com/NDSUextsmallbiz or Twitter at @gmuske. Another online resource is www.eXtension.org/entrepreneurship.

Joining groups such as your local chamber of commerce can be helpful. The Small Business Administration and its related organizations, such as the Small Business Development Centers and SCORE, also can be valuable resources.

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For more information, contact glenn.muske@ndsu.edu or call (701) 328-9718. You also can visit our website, www.ag.ndsu.edu/smallbusiness.