

No business can guarantee success. In fact, the vast majority of business ventures fail by the second year. Yet, entrepreneurship is the “back bone” of our economy and the few who succeed provide over 70% of all new jobs. Some of the factors that can make or break a business should be considered as you plan and build your business venture.

When you come up with the idea of creating a business you should first do a feasibility study. Will the market accept this product, service or idea? Make sure you don't come up with the conclusion until you do due diligence. Will it answer the wants and needs of the consumers? Can the market understand it and react positively? What price will the market bare? Ray Kroc, the founder of McDonald's Restaurants had five business failures before he found success. Xerox had the rights to the Internet (not Al Gore) and simply gave it away thinking the market had no use for it. If your feasibility study ends up being very positive then it is time for your Business Plan.

A Business Plan sets the strategy and guidance for the launch of your business. You cannot get any financing without a convincing Business Plan. Investors, bankers and potential equity partners won't go to step one without a plan. There must be facts and documentation that can be understood and no “pie in the sky” will make your plan realistic. Every step of the plan must be proven and justified. If you have confidence in your plan then stick with it and don't take “no” for an answer. Remember, Fred Smith of FEDEX received an “F” for his business plan while in graduate school. He did not let that stop the implementation of one of the greatest success stories in the history of our capitalistic nation. When my wife, Kay, and I started the National Black Chamber of Commerce we used our own money in the early years. Eventually it grew into the largest Black business association in the world.

Once your business is started and is running profitably there are various tools you need to maximize your growth and guarantee a positive future. One important tool is a “Rainy Day Fund”. The economy is not constant and times come when there are many customers who become unemployed or have to cut back on spending. Interest rates on financing may become prohibitive or a major client goes under or falls into bankruptcy. All of that has a devastating affect on a small business. For instance, if you are a federal government contractor and Congress decides to cut back on the budget and cancel contracts (some of which may be yours) it will hit your cash flow and profits in a terrible way. If you have reserves (rainy day money) you might survive this. If you don't then failure is around the corner.

Another tool is medical insurance for your employees. Rates can really vary. If you have five

employees it can range from \$400 monthly per employee to \$2,000 monthly per employee. That makes a big difference in your “bottom line” – net revenue. It is extremely important to shop around and solicit bids from as many insurance companies as you can find.

Other insurances such as Life, Property and Casualty (PNC), Errors and Omissions, Freight and other types have variable rates also. Again, shop around and find the best service and lowest cost for your business. It directly affects your net profit and future of your business.

Cost of Goods Sold is a major factor if you are in the retail, manufacturing or distribution business. That can be a big variable and you have to find the best deal for your business and customer base. My sons have a business and they went around the world to find the best and most cost effective manufacturer of the clothing line they sell. Yes, they found that source in China and even with the duty involved in the importing it is the best quality and lowest price they could find. Doing this, has assured them of maximizing the profits and pleasing their customers with satisfaction and affordability.

One of the most important tools for small business is Legal Services. How do you find quality legal representation and counsel? You should not rely on word of mouth, Google or “hit or miss”. The wrong decision can cost you millions of dollars and destroy your business. We live in a litigious society and also negotiation is a critical matter to consider. The National Black Chamber of Commerce endorses the network of high powered law firms and sincere service known as Legal Shield. You might want to look at this option. There is nothing like it and small Black owned firms are signing up with this firm at a record pace.

These are some of the important tools. Please consider them.

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