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5 ways to make sure your startup survives its first 12 months

ALAN MANLY - AUGUST 10, 2020

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Despite statistics screaming high failure rates, every founder believes their startup will be among the minority to survive the first year. And it's more than blind luck that makes the successful ones survive.

Surviving the first year is a nightmare for all startups. It's a cut-throat killing field. As the year progresses and the business is not as planned, animal instincts click in. Never have the words of Charles Darwin been so tested.

"The species that survives is the one that is able to adapt to and to adjust best to the changing environment in which it finds itself," Darwin wrote in his *Origin of species*.

The same is true of startups. Here are five ways to ensure your business survives it first year instead of becoming another failure statistic:

1. Review the business plan

The first thing to go wrong in a startup can be just about anything: product fit, cash flow, marketing... you name it.

When the realisation dawns that all is not going as planned, reach for your business plan. After a quick review, the question that usually springs to mind is "what was I thinking?" Well, there it is in all its glory!

But the document that was a mere formality when starting out is now a lifeline. With the pressure mounting, look at what adaptations can be made to survive.

Your business plan is something that can and will evolve as your business - and the market you operate in - changes.



2. Adjust your expectations

Yes, go back to the basics. A good example is your workload.

Somewhere in the business plan of the startups that survive is an overview of the hours that people will be working. It's vital to have clear personal expectations of the contribution required for a startup to make it past the first year.

This quote from an unknown but seemingly experienced person covers it nicely:

"Entrepreneurship is living a few years of your life like most people won't, so that you can spend the rest of your life like most people can't."

3. Business is business

In that first year, the generous and outgoing entrepreneur becomes more akin to an underpaid anti-social workaholic. Forget work/life balance - the only balance in the start-up phase is the bank balance.

In layman's terms "some businesses don't go broke, they just run out of money." And many startups run out of money because they haven't understood the very real difference between personal relationships and business relationships.

In business, when you collect your debts, you lose friends. When you only sell to paying customers, you lose more friends.

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Ultimately there are no friends who are customers. Remember that business is business, and the lifeblood of business is cash flow.

4. Look after number one

As previously mentioned, work/life balance is often sacrificed in a startup's first year. It can be a valuable time investment to really getting the business going.

However, this can become addictive. Obsessive workaholics often justify their actions with the belief that "the more I work, the luckier I get!". This linear projection works until physical capacity is reached and the entrepreneur risks burning out. Burnout is very real and very devastating.

Deep down, having a business survive its first year must include looking after number one. Personal health is the greatest asset we have and entrepreneurs need it to survive the first - and subsequent - years in business.

That means eating well AND resting well. And be mindful of that simple quote by Ralph Waldo Emerson, an American philosopher who declared back in the 1800s: "the first wealth is health".

5. Evaluate what you have learned

In the words of Sir Richard Branson, "Business opportunities are like buses. There's always another one coming."

After a single year in business, you're now so much wiser than when you started.

Evaluate what you have learned and be brave enough to consider: "Is this the best opportunity that I have available for me?" Just because a business does survive its first year, doesn't mean that it's the best it could be!

- Alan Manly is the founder of Group Colleges Australia and author of *The Unlikely Entrepreneur*. To find out more at alanmanly.com.au





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Alan Manly

Alan Manly is the founder and CEO of Group Colleges Australia, one of Australia's largest private education institutions and recently launched the private MBA school, the Universal Business School Sydney. From a high school dropout to successful entrepreneur, Alan is a true disrupter in the private education space. He the author of two books, *The Unlikely Entrepreneur* and *When There Are Too Many Lawyers There is No Justice*. To find out more about Alan visit www.alanmanly.com.au

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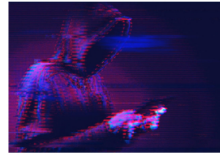
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