

Shoestring Start ups

By Alan Manly



All big companies start small. Taking heart from this adage it is obvious that if you have a great idea and no money you are embarking on a well-worn path. Sadly many fail not through lack of enthusiasm

but more from a lack of cunning. Assuming that money is in short supply how can you start a business on a shoe string budget? Many start-ups are realistic enough to appreciate that a bank will not lend them money for their

start up. So let's explore how to fund a start up on a shoe string budget.

Step one: create a winning business plan

A Business plan to clarify what

you are really doing. No cost, just the time to fill in a template off the internet. Lack of polish will not really matter as the audience is you. It will clarify what you are doing. Detail how much you will need to fund your start up. Allow set up costs, equipment, X accommodation, working capital, line of credit and online billing system.

Step two: Plan ahead

If you are employed and considering “starting up” use your strengths as an employed person with a regular income. Save as much as you can from your salary. These saving are your working capital. Next you will need a line of credit. Banks are most likely not a real option if you were to ask them for a business loan for a high risk start up. But they will rush to give an employed person credit cards. Apply for as many credit cards as possible from the banks and other credit organisations. You should be able to get say four or five. Now you have a line of credit. Next is the online billing system, such as Paypal.

Step three: Your office

In the era where we all have a personal mobile device that includes phone and email your communications and office are both linked and efficient. Accommodation depends on the type of work but if it requires an office and a desk in a corner

of a room is fine for after-hours back office work. Your business hours office may require a more sophisticated approach with in-house catering and maybe WIFI. Choose a neighbourhood coffee shop that is not too busy to allow you and a client or co-worker to meet and have a slow coffee. Naturally you will tell customers that you prefer a relaxed business approach hence a coffee in a friendly environment.

Step four: get a customer

This is the risky part. Assuming that you can find a customer for your great product or service you now need to apply that entrepreneur’s animal cunning.

You are now about to become a cash flow wizard. To survive you need more cash in than out. The cash in is to be in quickly and the cash out to be a thirty day arrangement. The cash in is best achieved by allowing payment on the day with cash or credit card via Paypal. Now that you are in start-up mode it is vital that you expand the usual sales process to include prompt payment. Negotiate as if your entire future depends on it. That’s because it does!

Step five: employ staff

This is a mine field for the entrepreneur. The temptation is to spend too much time selling your great idea and then drift into discussing the business plan

with your new found friend who is obliged to say yes to your great ideas because they want the job. You are now in business and must establish an employer/employee relationship to address the task at hand. Present your simple job description at the first interview. You are now taking a compounded risk by employing a stranger. Never of course be silly enough to employ a friend. Well, not one that you wish to keep.

These ideas are for the brave who find themselves in the same position as thousands before them - high on ideas and but very low in cash. Remember to look after yourself because if you follow these steps, you are now in business competing with others who may be one step ahead of you.



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