



**THE PRINCIPLES
OF CREATING AND RUNNING
YOUR OWN BUSINESS**

OGUNMOLA M.D

OGUNMOLA O.O

OUTLINE

- 1.0 Introduction
- 2.0 Literature Review
 - 2.1 Why Start Your Own Business?
- 3.0 Starting
 - 3.1 Look for a Real Problem to Solve
 - 3.2 Overcome Inertia
- 4.0 Planning
 - 4.1 Your Business Plan
 - 4.2 Your Vision and Mission
- 5.0 Funding
 - 5.1 Getting Finance for your startup
- 6.0 Marketing
 - 6.1 Create Customers
 - 6.2 Keep Your Customers
 - 6.3 Create More Customers
- 7.0 Growing
 - 7.1 Feed Your Business
 - 7.2 Grow Your Business
- 8.0 Conclusion
- 9.0 References

1.0 INTRODUCTION

Starting your own business is one of the most exciting, fulfilling and life affirming things you can ever do. But like every other human endeavor, creating and running a business venture is not such an easy feat. (Rachael Bridge,2008)

That explains the reason why a minute percentage of individuals in the society dare to venture into business. If running a business was such an easy endeavor everybody will be successful business owners.

However, with the right principles, the mysteries behind successfully creating, running and growing your business becomes demystified. These principles determine to a large extent the difference between a success entrepreneur and an un-successful one.

In this text, we will carefully examine the principles that have helped successful entrepreneurs create and run their ventures from conception to actualization.

We will first examine existing literature and body of knowledge in the fields of business creating and management and then we will proceed to explain the generalized principles of creating and running a business from the ideation to the venturing, funding, management and eventual growth and evolution of the business enterprise.

At the end of the text, we would have made a contribution to the business body of knowledge that will be an easy-to-digest and apply for individuals hoping to create and run successful business ventures.

2.0 LITERATURE REVIEW

Business creation and management is a common subject matter amongst professionals both within and outside the business environment.

Several authors have expressed their opinions and ideologies about what it means to start and run a business venture.

In his book *the Lean Startup*, Eric Ries defines a startup as an organization dedicated to creating something new under conditions of extreme uncertainty.

On starting a Business, Tim Berry in his book *Start, Run and Grow your Business* itemized four questions which he believed every entrepreneur should ask before starting a business venture. These questions are

- I. Do you have a choice?
- II. Will people buy what I want to sell?
- III. How much will it cost?
- IV. Do you have a plan?

Guy Kawasaki had a different point of view in his bestselling classical *The Art of the Start* . In this book Kawasaki expressed an unconventional point of view in the art of starting and running a business venture. He also divided the business creation and growth process into four stages namely;

- I. Articulation
- II. Activation
- III. Proliferation and
- IV. Obligation.

Several other authors too have thing or the other to say about the art of starting and running a business, but for the purpose of these text we will not be able to examine

all literature available on the subject matter. We will not go ahead to discuss the general principles that cut across the business body of knowledge from those of the well-organized academic business texts to those unconventional ideas like that of Guy Kawasaki and a couple of other authors who believe in doing business the other way round.

3.0 STARTING

3.1 LOOK FOR A REAL PROBLEM TO SOLVE

At the core of every business is problem solving.

Business is all about meeting needs profitably. It is simply the art of providing goods and/or services that solve certain problems for individuals and organizations who will pay you in return. A business that doesn't solve any problems whatsoever is simply a business endeavor and it will go extinct in a short while.

The first step in creating a business venture is looking for a problem to solve. Not just a problem but a unique problem that you can solve given the available resources and infrastructure and people will be willing to pay you for.

Problem identification is the bed rock of idea generation.

As Leke Alder rightly puts it in his book *The Great Alchemy*; "*ideas are everywhere, just look around you. Somebody is either not doing something right or somebody is doing something wrong*" (Leke Alder, 2008).

Your first job as an entrepreneur is to look inside you and around you for a problem your business can solve for individuals and/or organizations which in turn they will pay you for it. Once that is done, you are on your way to wealth.

3.2 OVERCOME INERTIA

After narrowing down on a sellable idea, the next bane that confronts individuals who intend to start a business is what I call "**FEARNERTIA**";

that is Inertia induced by Fear. New entrants into the business arena are usually afraid to launch into business for several reasons.

There are various fears stopping people from venturing into their already conceived business ideas. There is;

1. The fear of venturing
2. The fear of failure
3. The fear of criticisms

All forms of fear.

The good news is all those are most times mere illusions, they are not real. The fact that many have plunged into business and failed or rather did not come out as expected is not a justification for not test-running your idea in the market.

Amidst all the failures, individuals and organizations are venturing and making successes out of business on almost a daily bases.

Therefore, overcome your fears, get a jump start into the actualization of your vision.

4.0 PLANNING

Planning is the bed rock of the success of any business venture.

You need a plan to bring your business ideas into reality.

In this section we will examine the art of planning for your business.

4.1 YOUR BUSINESS PLAN

Your business plan defines and describes the architecture of your business.

The business plan describes what the business is all about, its products and/or services, how the business intends to create or produce these products and services, the human resources and the infrastructure involved, the financial needs to keep the business up and running, information about the business owner(s), the estimated income and profit of the business and so on.

In short the business plan should contain all valuable information about the business from conception to the realization of the goals of the business.

The business plan will not only assist the business owner in piloting the affairs of the business in the right direction, it will also enable prospective investors and financial institutions to determine the economic viability of the business.

A business plan can give a prospective investor a clue as to whether the business is worth investing in or not. Also banks and other financial institutions will always require a business plan before they can consider granting the business any form of loans or financial assistance.

4.2 YOUR MISSION AND VISION

When you have come up with a viable business idea, and then workable business plan, at the core of the planning process is the Mission and Vision.

These duo can go a long way in determining how long a business thrives in the fiercely competitive business environment.

Simply put, the Mission is what the business is set out to do.

Whereas, the Vision is where the business hopes to be in the nearest future; next one month, 6 months, one year ten years etc.

The Mission and Vision serve as driving forces for the business owner in piloting the affairs of the business to success.

5.0 FUNDING

Funding has always been a problem confronting business startups.

In economics, Capital is a one of the factors of production, therefore the process of creating and running a business is not complete without having enough funds to get the business up and running at least before the business begins to generate any income whatsoever.

In this section, we discuss some of the ways an emerging entrepreneur can get funds for his startup.

5.1 GETTING FINANCE FOR YOUR BUSINESS

Several authors have expressed their ideas of how an emerging entrepreneur can get funds for starting up a business. Some of the ways itemized include; personal finance, loans, financial gift from friends and family, funds from angel investors and so on.

For the purpose of these text, we will itemize practically proven ways of generating funds for your business start-up. Some of which includes;

- 1. Personal Funds:** The easiest and most accessible means funding your business comes from your personal funds. Could be your savings, income from your regular job and so on. A portion of your own money must go into the financing of your startup if you are really keen about growing your business financially.

- 2. Financial Gifts and Support from Family and Friends**

Another proven way of generating funds for a business startup is through monetary gifts from friends, families, relatives and other individuals who believe in your vision.

3. Venture Capitalists and Angel Investors

In the absence of personal funds or financial gifts from relatives, venture capitalist or what the business experts call angel investors are also a very good option.

Venture Capitalists are basically individuals or group of individuals who have a well-established net worth and are willing to support business start-ups with funding usually to be repaid back after an agreed period of time or sometimes in return for shares in the ownership of the venture.

4. Loans from Banks and Financial Institutions

Banks and similar financial institutions can also provide funding for businesses but it is not always an easy task for business startups with little or no track record to obtain loans easily from banks. Banks usually require a considerable amount of paperwork and collaterals which are most times not at the disposal of an individual just delving into business.

Having itemized some of the various options available to you as an entrepreneur starting up a business, it is up to you to decide which one suits you most. But it is very important as stated earlier that your personal funds go into the funding of the business at least at the very beginning. This gives whoever is willing to provide fund for your business that you are also committed to the growth of the business.

6.0 MARKETING

As we have established earlier, business is all about selling products and/or services to individuals or organizations who are willing to pay for them.

Marketing therefore is to business what broadcasting is to a television station. Without marketing, nobody gets to know about your products or services and then nobody patronizes you and in a matter of time, you are out of business no matter how brilliant your idea was or how much funds you have at your disposal.

6.1 CREATE CUSTOMERS

The first stage of a business' marketing process is creating customers. At the beginning of the business, people will hardly know about you and your business and even if they do, they will not just walk into your shop or office as the case may be and offer to patronize you. It is your responsibility then to take your products and services to your potential customers and convince them to patronize you.

This can be achieved in several ways, via proposals, brochures or flyers if that suits your business type or offering them the product or services directly.

If you are successful at doing this, then you would have accomplished one of the major goals of business which is creating customers.

You are now set for business.

6.2 KEEP YOUR CUSTOMERS

One of the major causes of failure for startup businesses is that they devote a lot of energy into getting customers at the onset and then grow complacent after they have acquired the customers.

Customers; whether individuals or organizations are human beings, they want to be served right with respect and integrity. They want to

get more value for their money, they want a product or service provider that solves their problems efficiently and effectively.

If you fail to do this, you will inevitably lose your customers to your competitors who are working round the clock to get their fair share of the market.

As an entrepreneur, you should not just devote your energy and resources into getting more customers that you neglect your existing clients.

Serve them appropriately and chances are they will help you in the marketing of your products/services to others.

In business, Customer is king, long live the king.

6.3 GROW YOUR CUSTOMERS

After you have developed an effective way of serving your existing customers and you are getting a positive feedback from them about your products and services, it's time to grow your customer base.

With word of mouth referrals from your existing satisfied customers and a strong marketing strategy, you will increase your customer base and also get more market share from your competitors who are not serving their customers well.

7.0 GROWING

There comes a time in the lifetime of a business when it's time to grow and move from the shallow waters into the deep waters of the industry.

Some business consultants term these "Swimming with the Sharks".

But then we should sound a word of caution, you should not attempt to face the giants in your industry without consolidating your business otherwise the bigger sharks can swallow your business up.

In this section we discuss the necessary steps to be taken when you want to grow your business.

7.1 FEED YOUR BUSINESS

Business is an anthropomorphic entity, just like human beings, if you feed it well it will grow well if you don't feed it well it will have a stunted growth.

So how do you feed your business?

There are several factors a business feeds on but for the purpose of this text we will discuss three. They are;

- **People:** A business is as good as its people. If you must grow your business then you must build a team of individuals who will collectively contribute to the day to day growth of the business. With the right people on your team your business will grow faster than you can imagine.
- **Systems:** Well-structured systems make the process of growth efficient. Systems ensure that your people are doing what they should be doing when they should do it. Well-structured business systems will help the entrepreneur to easily discover lapses in the overall performance of the business. Also systems ensure the longevity and

continuity of the business. When systems are put in place the exit of an individual will not put a halt to the business process.

- **Ideas and Innovations:** A business devoid of ideas and innovations will soon become obsolete. And obsolesce in the ever competitive market means the business will lose its market share to competitors who have innovative products and services to offer to the customers.

As an entrepreneur if you must grow your business, then, you must feed it with the right people, systems and innovative ideas. A combination of these three will no doubt make your business a force to be reckoned with in the market.

7.2 GROWING YOUR BUSINESS

It is not enough to have the right people, systems and innovative ideas. As an entrepreneur, you must take deliberate actions at expanding your business.

The expansion could be vertical or horizontal.

In what we term horizontal expansion, you looking at other areas in your current industry where you can expand.

In vertical expansion, you are looking at other industries where you can expand the frontiers of your business to.

Also the expansion could be location, you can open branches of your business in other locations within your geographic region of even expand the frontiers of your business across borders.

Whichever strategy you decide, keep it in mind that the purpose of the process is to grow your business exponentially.

8.0 CONCLUSION

In the course of these text we have examined the various steps and process involved in creating, running and growing a business from conception to actualization.

We started with a review of some of the existing literature in the fields of business creation and administration, we also examined carefully the step by step process for converting the problems you see around to business ideas that people will pay for, planning for the business, getting funds for the business, marketing your products and growing your customer base and finally growing the business into a market leader.

This text is aimed at providing a straightforward roadmap for individuals who have want to go into business and have little or no idea of how to go about it. Also, this text should serve as a springboard for other researches in the subject matter of business creation and running a successful business.

9.0 REFERENCES

- Rachel Bridge (2008), *You can do it too*, Kogan Page Publishers USA.
- Eric Ries (2011), *The Lean Start-up*, Crown Publishing Group, USA.
- Guy Kawasaki (2004), *The Art of the Start*, Penguin Group USA.
- Leke Alder (2008), *The Great Alchemy*, Alder Media, Lagos, Nigeria.
- Tim Berry (2010), *Start, Run and Grow your Business*, Palo Alto Software Inc., Palo Alto California.

