

Preface

This book is based on over 30 years of direct experience in helping entrepreneurs build successful business and also witnessing failures.

The author, Richard Bostock has worked on major turnrounds of established businesses, restructured many more and has shared many of these experiences as an MBA strategy tutor, trainer, mentor and advisor in many industries.

The book is full of real life examples which bring the ideas and theories to life and demonstrate the skill of distilling complex problems into manageable components without over-simplifying the critical elements.

The final chapter in the book demonstrates this in a distillation of the entire book into a series of steps that should be followed in every start.

The book is supported by a website which provides further insights and ideas along with access to the templates and models used in the book.

www.changing-odds.com

Chapter 1 - Introduction

Setting the scene for the book and explaining the ways it can be used

This book is about failure. It highlights the futility of starting your own business and of becoming a successful entrepreneur.

Sounds negative – look at the statistics:

Start ups and business “death rates”

Failures within the first 12 months – around 20%

Failures within 3 years – around 60%

There are plenty of estimates but these estimates reflect some of the realities.

The alleged reasons for failure are well publicised and written about:

- Under- capitalised
- Poor marketing
- Under-estimating competition
- Poor management

Fix these four basics and you have a successful business? Wrong. There’s more going on than just these four simplistic statements. The first clue is that the statements are vague and non-specific and should be prompting questions such as:

- How much capital do I need?
- What is marketing and how can I use it effectively?
- What is my competition and HOW am I going to compete?
- Just what management skills do I need, do I have them, can I get them?

These questions start you on a path that might lead to success but the real success comes from how curious you are and how you use the curiosity to build your business ideas.

There are no easy answers and no perfect answers. We live in uncertain times – but this was ever the case for those living in any era. The one thing we can guarantee is change. Some things may be predictable – but if that’s the case everyone knows, so we just know the same as everyone else.

This highlights a key attribute of a successful entrepreneur – the ability to think differently, to see different patterns in the predictable data, to envisage different futures.

One of the reasons for high business failure rates is the idea that because I’m good at something – a trade, a profession, a particular skill – I can build a successful business around it.

If this was true every carpenter, plumber, web designer, lawyer, dentist would be successful if they set up a business rather than working for someone else. This is clearly not the case so something else must be going on.

Many people start in business as a sole trader or small partnership. It’s quick and easy with very few rules and restrictions (more on this is Chapter 2). They might have left an employer and see the opportunity of earning more and “being your own boss”. The problem is they join a vast group of self-employed who are all just as skilled with similar training and experience – or they might be better. How do you survive – let alone grow and prosper? It’s simple, your skill and expertise are just resources which can be traded if you can find the customers. Until you find the customers you have to buy the tools and materials you need, you have to pay the rent, eat – and perhaps support a family.

Suddenly the list of four things you need to succeed come into focus:

- The need for capital
- The need to find customers – marketing
- The need to survive the many competitors out there

- The need to manage more than just the job – be that installing a boiler, filling a tooth, designing a web page or launching a challenge to Facebook

This explains why many self-employed struggle and even the successful ones realise that time on the job (earning money) is limited by all the “non-productive” time. Suddenly the earnings premium disappears and time working increases and increases. It only needs one job to go wrong, a client to refuse to pay, a supplier to let you down on a crucial piece of equipment. These are all the joys of being your own boss.

But what if you have bigger ideas – starting a larger business venture and even becoming a “unicorn” company? A Unicorn is a company that achieves a \$1 billion valuation during the startup phase. It’s important to recognize that this valuation usually comes before the business has generated any profits or even started making substantial sales.

Or what if you want to use your business to help people and improve communities and society – a social enterprise?

The same principles apply, you just have to flex and adjust and use the right tools for the job.

This book is about helping you work out what type of business you want to start and then providing you with the range of tools which you will need. It helps you choose the right tools for the job in hand. The objective is to be practical and realistic, however there are some useful academic theories and frameworks that can help – we’ll use these as necessary but only where they can add value.

I’m trying to help you Change the Odds and succeed.

So why bother? Can it be made better?

Of course it can – there are many successful businesses out there, growing and prospering.

So where do we start to make it a successful start-up?

The first and most important issue is to recognise that an entrepreneur must wear different hats – and be comfortable in them. This requires thinking beyond the technical job. Lots of people are qualified to fill a tooth or to fit a boiler – why would they pick you?

In the old days we had the printed version of Yellow Pages. Many viewed this as an essential part of marketing/advertising. The problem is the sheer scale and size of the publication. There are hundreds and thousands of businesses offering the same service – how do you stand out so that a customer picks you. This explains the volume of businesses called AAA or aardvark – it just puts them at the front of the section.

Nowadays we have social media – Facebook, LinkedIn, Twitter, Instagram etc. This gives the opportunity for electronic word of mouth, but there’s still lots of people out there competing for the customer’s attention. There’s lots of noise and distractions.

The entrepreneur needs to think beyond this basic communication process and consider how to differentiate the business and even create magnets that draw customers and business. Suddenly the technical skills and expertise are simply resources that have little value unless they can be combined with other resources to create something special. It may still be a dentist business or a plumbing business but it has an edge. If this edge is good enough it can mean that customer demand will outstrip the resources of the founder/entrepreneur – then you have a growth model and you employ people to do the technical stuff so that you spend more and more time growing the business – doing the real entrepreneur stuff.

Many entrepreneurs describe their experiences as being on a roller coaster ride. This is true to a certain extent with a few exceptions – you’re not in control of a real roller coaster, you just sit on it. The ride finishes at some stage and you can get off and get your breath and heart rate back under control. Neither of these scenarios fit the real entrepreneur experience.

That’s the basic platform so let’s get started and change the odds.

The Structure of the Book

There are 14 chapters and each chapter stands on its own so there are often overlaps with other chapters. This is quite deliberate and helps to reinforce some of the important issues.

How you read the book is up to you. You may even go straight to Chapter 14 and read how the content of the book distils into a plan of action and then work back through relevant chapters.

The later chapters help in developing a strategic mindset and the curiosity and critical reflection which drives every successful entrepreneur – regardless of background.

Chapters 1 to 3 looks at the different starting points:

Who are we and what do we want to do?

The different structures and formats that are appropriate.

The overarching issues facing each approach.

Creating a framework for developing each type of business.

Chapters 4 to 7 considers each approach in some detail and provides a framework for applying various tools and frameworks which leads to the critical assessment of the viability of your idea.

Chapters 8 to 13 develops the ideas building an effective strategy for the business and the thinking processes that can drive success and avoid (or reduce the risk of) failure. For each type of business and how to use a business plan for your own focus as well as generating funding, dealing with suppliers, customers and competitors. This develops into the risks and opportunities of growth and sustainability and how to build effective strategies that go beyond vague aspirations.

You will notice that at the beginning of each chapter and some sections there is a question. Some of the skills of a successful entrepreneur that you will discover as you work through this book involve being curious, keeping an open mind and reflecting on what you have done and where it might be improved. One of the ways to develop these skills is to start each stage of learning by checking what you think you know and if you have any entrenched beliefs which might impact on your thinking and decision making.

I would like you to consider each question before you read the chapter and try to write down your answers and ideas. You may consider the question is irrelevant or even stupid. That's fine – write down what you think. When you've finished the chapter go back to your notes and write down any new feelings, ideas and reflections.

This type of writing and reflection is a powerful learning tool and it helps to develop an open mind to new thoughts, information, evidence. If you haven't changed your ideas by reading the chapter that is fine – you've just reinforced some good ideas. If you've changed your ideas, you've just learned some new skills which should help you as an entrepreneur.

You can, of course, just make the decision to ignore the questions and just read the book. Even in this situation try to take a little time to reflect on each piece of information, evidence and technique and see how it fits with your current thinking and knowledge.

I think you may be surprised at the results.

The book also uses insights, quotes and material from other authors, academics and practitioners to reinforce and expand some of the ideas. The first insight comes from an excellent book by Eric Ries – The Lean Startup – that uses his own experiences as an entrepreneur to challenge some of the outdated and conventional thinking about entrepreneurs. This is in the Introduction to The Lean Startup¹:

“I have learned from both my own successes and failures and those of many others that it's the boring stuff that matters the most. Startup success is not a consequence of good genes or being in the right place at the right time. Startup success can be engineered by following the right process, which means it can be learned, which means it can be taught.”

I fully agree with this statement and it fits with my own experiences and observations.

The book is intended to help this learning process.

And finally, the Chapter 14 distils all the issues covered in the book to provide a framework for moving from initial idea to a successful business – and answers the question as to when to write a business plan and what should it contain.

Enjoy!

"In time of drastic change, it is the learners who inherit the future. Those who have finished learning find themselves equipped to live in a world that no longer exists." Eric Hoffer

Notes

Chapter 1

1. Eric Ries, *The Lean Startup*, Penguin Books. Page 3

