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By Karen E. Klein

What to Consider Before Starting a Company

Q: I work as a creative supervisor for a medium-sized graphics company and have been thinking of starting my own firm. According to the owner, my work is excellent; clients request me personally on their projects. What should I consider in making my decision?

A: Starting a company is a dream for many people, particularly those who excel at certain jobs or have particular talents. However, doing good work is generally not the challenging part of running one's own business.

"Performing the work is the easy part for most people," said Marty Shindler, an Encino-based business consultant who owns Shindler Perspective Inc. (www.ishindler.com).

"Understanding the business side of the new venture is the biggest challenge," he noted. Failure to do so is "one of the primary causes of failure."

Be aware that if you decide to start a business, you'll need enough capital to set up shop properly, buy equipment and hire support personnel. You'll also need access to backup funds that can carry you through tight times. This may involve putting your own assets on the line.

"Do not kid yourself that all of your current clients will follow you to your own venture and that business will be robust from the start," Shindler said. "It will not."

Along with arranging your funding, you'll need to develop a full business plan and be sure to include realistic projections for revenue, expenses and capital equipment.

He identifies two business functions as causing the majority of problems for most entrepreneurs, no matter what business or industry they are in: marketing and finance.

"Be sure to hire someone whose primary responsibility is marketing," Shindler said. "If you think you are going to have time to supervise the work being done and do marketing and attend to all of the functions of the company that others handled at your current employer, you are mistaken."

The second big challenge for entrepreneurs is developing an understanding of finance and other traditional business functions. This includes payroll, accounts payable, invoicing and collecting from clients, business affairs such as having contracts prepared and signed with clients, human resource management and other vital areas.

Shindler's advice: "Be sure you understand these functions personally, hire the right people to perform these tasks, and be sure to get a business advisor who will not only assist and guide you but will also tell you things that can improve your business — the kinds of things your employees and customers might not tell you for fear of hurting your feelings."

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Got a question about running or starting a small enterprise? E-mail it to karen.e.klein@latimes.com or mail it to In Box, Los Angeles Times, 202 W. 1st St., Los Angeles, CA 90012.