



## Pursuing Your Ideas

- **Look for unmet needs and a better solution**
- **Consider your skills and strengths**
- **Be realistic about your personal financial situation**
- **Determine the money you'll need**

### **Avoid common pitfalls**

Many people want to go into business for themselves but lack a clear strategy for making it happen. Lisa Gundry, Ph.D., professor of management at Chicago-based DePaul University, discusses the process of generating attainable business ideas.

#### **Q: How should someone pursue a specific idea for a small business?**

**A:** I'm of the mind that the best business ideas grow out of the problems and frustrations that individuals have. Chances are if you have a problem or frustration, you're not alone. For example, there might be a service that I use, and it's not delivered to me in a manner that's most effective. So I think of a twist on it.

Some traditional ways that people come up with ideas are to look at their own work experience and determine what they can do better than their present or former employer. They may go into a parallel type of business. It can come from ideas that you get from customers or clients who you work with. We often get ideas by hearing what other people are not able to find in existing businesses.

#### **Q: How do individuals evaluate their skills and potential for business success?**

**A:** Doing a self-assessment is very important. One of the things that you're going to have to do is decide where the gaps are. If your strengths are in sales and marketing but not in the accounting or financial side of the business, you're going to need to find a way to fill that.

You need to find someone in that industry who will share with you [what it takes] to be successful. Do the informational interviews and, if possible, volunteer your time inside that type of organization if you can't work for it. Otherwise, it's very difficult to understand what it takes to run that kind of business. Also, find out if there are trade associations in that particular industry that you can join.

#### **Q: How critical is a person's personal financial situation?**

**A:** It's central in terms of what proprietary position you come from, what sources of financing can you draw from, and what is going to be your contribution toward the business. [Before you start a business,] it's important to build up enough capital from various sources to get you through the first three years. Inadequate capitalization will bring any business to its knees.

## **Pursuing Your Ideas (continued)**

### **Avoid common pitfalls (continued)**

**Q: How do capital requirements vary among different types of businesses?**

**A:** A service business often can be home-based, so you don't have the overhead of jumping into an expensive commercial lease. There may be fewer insurance concerns, for example, if you're a one-person consulting business. People often underestimate the number of businesses that start out of the home, which is about 80%.

**Q: What are some common pitfalls people make during the startup mode?**

**A:** One of the most common is infatuation with the product or concept. It's essential for successful entrepreneurs to be passionate about what you do, but sometimes it can blind you. Some people think they have such a good product that they don't have to do marketing—that it will sell itself. Also, it's a mistake to spend money too freely when cash is a problem. You really should have enough to get through the next three to six months.

The best businesses and the most successful entrepreneurs are those who have put out tremendous time and effort. There's a myth that people go into business for themselves have greater control over their lives, more flexible hours, work less hard, and have greater security. Most entrepreneurs will tell us that they're working far more hours. It's very different than working 9 to 5, where you have people to pick up the slack.

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