Editorial

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Three steps for beginning entrepreneurs

If you feel like you have an idea for the next big food concept, what should be your next steps? You have probably talked with anyone you can find who will listen to you about it: parents, friends, officemates and your hairdresser. Although they will give you plenty of free advice, it's usually worth as much as you paid for it. I have talked with hundreds of food entrepreneurs about how they got started, and the successful ones pursued the following three basic steps: They wrote a comprehensive business plan; They regularly revised their business plan; They created a volunteer board of advisors.

A comprehensive business plan is usually 20-25 pages, covers key areas such as business venture definition (what do you do?), market segmentation (to whom do you sell and why do they buy?), value creation (how do you make money?) and execution (why are you the right person for the job?) The order of these items is not as crucial as their inclusion in the report. If you cannot clearly and articulately explain your business, then the market--consumers, and partners--will not respond.

The most important part of the business plan is the critical thinking that goes into it. A business has to make choices about which line of business it is in, whether it be artisanal cheeses or luxe chocolates. Once you start down that path, you must stick to it in order to determine whether that business is a profitable one.

After writing the business plan and executing on what you have laid out, it is tempting never to look at it again. You know what you need to do so why keep updating the plan, right? This common mistake prevents many a successful idea from blossoming as quickly as it should and may ultimately kill a great idea. First, as the most important reason for writing the business plan was the critical thinking, it makes no logical sense why you would stop doing it. When you revise the plan regularly, the process forces you to re-examine your original assumptions to determine whether they still hold true. Second, no matter how goal-oriented you may be, your business cannot win without keeping score. Revising the plan commits you to tangible business results, whether they are measured by the number of new customers, profit margin projections or increased productivity. Finally, business planning forces you into thinking long-term about your business and its strategy. It helps you to think creatively about where you dream of going and how you might get there. If you do not always have a vision for the company, then your idea can easily wither and die on the vine.

A board of advisors is a very helpful tool for forcing you to continuously revise your thinking and meet your goals. They do not necessarily have to have food industry experience - although that is helpful - but rather should be interested in your business and in you personally. It could not hurt if one of them was a corporate attorney, another a banker or accountant and a third a marketer, but these backgrounds are not as imperative as their ability to be brutally honest with you. A board of advisors with 4-6 members is the ideal size to get breadth of experience and still make everyone feel valued. Give your board of advisors a reason to get together for a few hours with you once a quarter. (Hint: free product always helps, plus they get to know your product line better.) Prepare for these meetings. Brief them on the state of the company and ask them for advice on key issues with which you are wrestling. Set an agenda for in advance and use your time with them wisely. Brief them on your business and ask them to evaluate your ideas but don't bore them with the small stuff.

Many small businesses succeed without any of these three steps; nonetheless, your small business greatly increases its likelihood of success with them.

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