



CONTACTS

James K. Pedderson, Director of Public Relations
Office: 312-422-5078
Mobile: 847-567-1463
jamespedderson@challengergray.com

Colleen Madden, Media Relations Manager
Office: 312-422-5074
colleenmadden@challengergray.com

For Immediate Release

5 Necessities to Starting a Business

START-UP RATE REMAINS FLAT IN FIRST HALF OF 2015

CHICAGO, September 2, 2015 -- An improving job market may be one of the reasons start-up activity among job seekers remained flat in the first half of 2015. The other reason could be a lack of some of the key ingredients needed to increase the chances of success.

Over the first two quarters of 2015, an average of 5.1 percent of job seekers started their own business, according to the latest job search statistics from global outplacement and coaching consultancy Challenger, Gray & Christmas, Inc.

The first-half start-up rate was slightly lower than the same period in 2014, when an average of 5.5 percent of job seekers started a business.

“While many Americans love the idea of being their own boss, we consistently find that 95 percent of those who are in-between jobs do not take that route. Most don’t even consider it to be a viable option and those who do contemplate entrepreneurship often conclude that the risks are too numerous and significant to pursue,” said John A. Challenger, chief executive officer of Challenger, Gray & Christmas.

The availability of traditional jobs may also be a factor that is luring job seekers away from starting a business. The latest data from the U.S. Bureau of Labor Statistics shows that nearly 5.2 million Americans were hired in June 2015. Furthermore, there were still more than 5.2 million unfilled job openings at the end of the month.

“For the roughly five percent of job seekers who pursue entrepreneurship, it is not enough to have the required skills and experience in whatever service or product being offered. You may be great a financial planner and have all of the required certification, but that is only half the battle when deciding to open your own financial planning firm. When people start looking at the time commitment, the financial commitment and all of the other necessities required to start a business, most would-be entrepreneurs reconsider,” said Challenger.

Challenger offered just some of the other necessities required for those considering a start-up venture.

A Plan

Having a plan can help the would-be entrepreneur map out his or her vision. It does not have to be the 50- to 70-page formal plan taught in MBA programs. It can just be a few pages. Though something more detailed and formal might be required when it comes time to seek funding from banks or investors. The key benefit of the plan is that helps to focus one’s efforts.

A survey of more than 800 people in the process of starting businesses by the University of Michigan found those who wrote a plan were two and a half times more likely to actually go into business. As one entrepreneurship researcher pointed out in a 2008 *Entrepreneur* [article](#), “‘People who write business plans also do more stuff.’ And doing more stuff, such as researching markets and preparing projections, increases the chances an entrepreneur will follow through.”

Savings

It takes money to make money, as they say. Not only is there the initial investment associated with starting a business, whether it is buying computers or business cards, but the fact is that it could take several months before the new business makes any money.

Unless one is trying to get a business up and running while holding down another full-time or part-time job, which is an entirely different challenge altogether, substantial savings are absolutely necessary to make up for the loss of income that occurs during the initial phases of the start-up.

Time

The reason it would be challenging to start a business while holding down a traditional job is that most new businesses require a substantial amount of time to get up and running. Entrepreneurs can expect to log [60 to 80 hours a week](#) in the first two years.

Self-Discipline

The biggest challenge for entrepreneurs coming from a traditional workplace may be the lack of a manager giving you tasks and deadlines. Especially for those working from home, there are a lot of distractions that can pull your attention away from the task-at-hand. Some would say that telecommuters face the same challenge. However, they are still accountable to a supervisor, so there is more motivation to stay focused on work. Until a new entrepreneur has that first customer, who then provides the motivation to set and meet deadlines, the only person an entrepreneur must answer to is himself. So, are you going to do the work necessary to find that first customer or fix that leaky faucet? If the faucet takes precedence, you may need to rethink entrepreneurship.

Strong Sales Skills

Regardless of the primary skills you are ultimately plan to provide through your new venture, whether it's financial planning consulting or cupcakes, the first order of business is to get customers. In order to do that you need to be a salesperson. As an entrepreneur, you should expect to spend 75 percent or more of your time on sales as the business is getting off the ground.

You will need the same sales skills to secure funding from banks and investors, even if those investors are friends and family.

If you do not feel comfortable selling, your business is probably doomed before it even begins. No business can succeed without sales. A strong sales commitment is necessary, especially in the first 12 to 24 months.

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