

# The Handbook for Business, the Bible

## #28: Sit down and figure out the cost

Luke 14:28, GNT: *"If you are planning to build a tower, you sit down first and figure out what it will cost, to see if you have enough money to finish the job"*

\* For TOWER read 'start a business' - for SIT DOWN read 'take your time, do proper research'

Clearly, this implies a vision of the completed project; a roadmap, resources & \$\$ to get it done

If any part is missing, v29 is unforgiving - *"...you will NOT be able to finish the tower after laying the foundation; and all who see what happened will make fun of you"* [in business, you will fail]

**Over the years I have observed numerous startups, so many making the same mistakes:**

- 1: Wrong vision & purpose - to make \$\$ for self rather than to serve others
- 2: Not being the solution to a specific customer problem
- 3: No real point of difference to set them apart from those already in the market
- 4: Lack of money to fund growth, relying on cash receipts from sales that don't eventuate
- 5: Getting help too late, especially in the pre-startup phase [before they make the mistake]

**By not figuring out the cost, vast numbers of SME's fail - around 60+% within 3 years:**

- \* Worse, many should close but battle on, enslaving the owner in losses & misery
- \* *When the horse is dead* the saying goes, *dismount*: learn, move on, go again...get a new horse

**Whether you're going well or struggling, prepare to build a NEW tower post-Covid:**

- \* SME sector will be a nightmare by mid-2021 - up to 1/2m could either fail or simply not reopen
- \* If your enterprise is on the ropes, sit down, figure out the cost of staying open - v - closing
- \* If you close, there will be new opportunities, especially if you follow the Handbook
- \* Don't rely on Govt to save you - politicians are clueless about small business & markets

**If you have or will need bank debt, act now while there is a time window of opportunity:**

- \* Banks know who is in trouble, unlikely to have sufficient sales & cashflow to service debts
- \* When the handouts end banks will act with precision, calling in loans, seizing assets, etc
- \* Even if things are OK with the bank, you could still be at risk of default so check loan docs
- \* If your business will do well post-Covid, confirm with your bank and get off their radar

**If you figure out the cost & see you won't make it, act now, before the rush starts:**

- \* Repay your debt in full if you can, from reserves, asset sales or family loans
- \* OR maybe an offer to pay cents-in-the-dollar might be accepted in full settlement

**Counsel: SIT down - review your situation - figure out the cost - make sure you can finish.**