

## Check Your Timing for Success

Pat Williams, co-founder and senior vice president of the NBA's Orlando Magic and one of America's top motivational speakers says it this way: *"You are in your 'sweet spot' when your greatest strengths align with your greatest passion."* Mr. Williams is of course referring to making a living by doing what you love. Here's the pragmatic part – when it comes to starting a business, passion and strength are not enough. Not even when you add experience to the mix.

The variable that makes the difference between building a successful business and one that fails is the **timing**. It's the subjective part of the business plan. If the plan is black and white, think of **timing** as the gray area. Whether you plan to buy a franchise, take over an existing entity, or bring a new service to the marketplace, the immediate objective is to time your launch for optimal success

The following outline can serve as a timing check-list. It may not cover every aspect of timing, but it covers the big three – financial timing, personal timing, and market timing.

**1. Financial Timing** - your business plan is your new best friend and your road map for the next three to five years. It keeps you on track to realizing your goals, i.e., when you can expect to secure your second major client or when you can afford to hire your first full-time marketing representative. Having cash readily available ensures that your business plan is not merely wishful thinking. Ensuring that your financial needs are met, means that when you commit to your business plan (and have defined your least likely, most likely, and best case scenarios), you can do so with the confidence that you will make a profit within the first quarter of the second year.

The numbers in your business plan really stand for something when you have financial resources readily available. If you don't have enough cash-on-hand, you risk running out of money should you not turn a decent profit by your eighth month in business.

One good litmus test is this: If you cannot afford to hire professionals for your Web design, financial planning, and legal advice then you probably should not move forward. Having the financial resources to hire an accountant and an attorney will ensure that your business is on the best financial and legal ground for your success.

**Christy's timing:** *As a franchise owner, I went through two expansions and a total of three business plans. I did not make a move until I had my numbers in black and white. Because I had best, worse, and most likely scenarios for each plan, I knew how much money was needed to get to the black and made darn sure I had that money secured before moving forward. This included having an equity line on my house so that when the SBA down-payment went from 10% to 15% in the eleventh hour of the loan approval process, I was prepared. I consulted with my CPA early on and came within 1% of hitting my numbers through year five of my business plan. I paid the CPA fees each month and never looked back.*

**2. Personal Timing** – many successful entrepreneurs can point to a personal life event as the catalyst for starting a business. Jim Clifton, Chairman and CEO of Gallup talks about the macro affects of behavioral economics in his book *The Coming Jobs War*. Clifton says that most academics define behavioral economics as the science of choice. The point made in his book is that if we as a nation can lead more people to entrepreneurialism, we will be in a better position to grow our GNP and win the jobs war.

As it stands today, many become entrepreneurs due to the effect of a life event as opposed to being led there. Think of it as the micro affects of behavioral economics. Some people are driven to entrepreneurialism because of a layoff in an industry they no longer believe in or some may take an early retirement package. Many famously successful female entrepreneurs started home-based businesses because their family needed more income, yet they wanted to remain accessible to their children. A sudden change in finances due to the death of a spouse or divorce has moved many entrepreneurs to give their lives a makeover by going into business for themselves.

Examine your timing and define what is driving you. Behavioral economics is a valid concept – whether you are being led proactively by market forces or reacting to new life circumstances. Know what drives you and be sure it is sustainable.

**Christy's timing:** *After college graduation, I went to worked in telecommunications for companies including Xerox, ITT, Teleci, Inc., and Plantronics. Eventually, the telecommunications business went from boom to bust and layoffs became the norm. At 36, with an infant son, a failing marriage, and a take no prisoners attitude, I bought a Kids R Kids Academy franchise in Orlando, Florida. Because events in my life were changing rapidly, I took a big risk and I was determined to grow a successful business. At the time, I did not believe I had another viable choice.*

**3. Market Timing** – timing for your business involves looking at the market locally, nationally, and in some cases internationally, depending on your business model.

Locally, it's critical that you start your business in a community that supports small businesses and that the community is financially healthy. If the local community is a viable place to open shop, then consider what the competitive environment looks like. Do some research to learn what other kinds of businesses are seeking zoning approvals in this community, what the likelihood is that they will be approved for zoning, and what positive and negative impacts these businesses will have on your business. Canvas your community to see who your competition is and decide if your competitive advantage will be sufficient to make your business plan numbers work. If the numbers won't work, walk away.

On a national level, be sure to gauge the potential impact market forces can have on your business. Know that you will inevitably experience some slowdowns that will impact the type of business you invest in. You can't control market forces, but you can choose what type of business you open and when and where you open it. Choose wisely. You or your competitors may not make it through a slowdown. Consider the extreme examples of the downturn in the auto industry, the housing market collapse, and the Silicon Valley bubble bursting. Economic cycles are part of capitalism.

**Christy's Timing:** *I believe choosing the market in which to build my Kids R Kids Academy franchise was the most important decision I have ever made. It took months of research, an experienced commercial realtor, and the deft guidance of the franchisor, Pat Vinson. The decision to invest in a childcare industry franchise was based on local and national market forces. I wanted a business that would be minimally impacted in a slowdown. There were times when my business slowed down, however just as my research showed, people needed to work and many of them needed to have childcare.*

Even when the financial, personal and market timing for your venture is at it's best, running a successful business requires passion and strength that aligns with that passion. Your optimal 'sweet spot'? Putting them all together.

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