

# Advantages and disadvantages of starting up a business

[Business](#)



Advantages of Starting up a Business Advantages of starting your own small or medium business can include: Being your own Boss - You can make your own decisions, keep your own time and not have to answer to " The Boss" Hard Work& Know How - If you are a hard worker and / or have immense industry know how, you may want to benefit from the long hours you do or the knowledge that you have acquired over time. Financial Independence - One day, you may realize your dream of financial independence.

Creative Freedom - No more restrictions, you can do what you like and have the freedom to work, design, create, build what you think is best - your way! Goodwill - You don't have to pay for it, you get to build it. Location, Premises, Building Fit out - You get to choose it all. Staff - You not lumped with staff you don't want. You hire and train from scratch - Your way. No Bad Name - A fresh business, a fresh start. Your name has no bad history with suppliers or customers. If you buy a business, you may find some people just won't deal with the business because of past dealings. Business Image - You create the business image you want.

Your way. Disadvantages of starting your own small or medium business can include: Cash Flow - Your business may not have a positive cash flow for two years - how are you going to cover that? Competitors - You may invest all this time, money and effort into your business and a large competitor targets your customers and offers them a similar product / service at below your cost - until your business has failed. Homework - Have you done it? You may do it all and then find when you are all set up, that something from left field becomes apparent and significantly alters the outlook of your business.

History - If you buy a business, you are buying something. You are buying history of the business trading, you have staff in place, equipment and premises in place, customers ringing in with orders on your first Monday morning. If you start a business, you have no history. Everything must be generated from scratch. Married to the Business - This is a common phrase from small business owners. It basically means, your hours of work and level of commitment is such that you cannot take a holiday, your business is always with you (day, nights ; weekends) and basically your neck is on the line.

You can't just throw the keys back and give it all away if it gets too hard! Suppliers - Suppliers may not extend you credit as your business has no history, so you may have to pay upfront for your goods, and you may not collect money from your customers for those goods for 90 - 120 days. This is very detrimental to cash flow. Can you sustain this? Have you factored it into your budget? Family- Is your family situation such that you can undertake this huge venture of starting a small business from scratch? It often means a huge sacrifice with no guarantee of reward.