

If you can sell your first startup, sell it

By  Alan Knott-Craig

18 Oct 2017

Us humans have a heuristic bias to sell our winners and hold onto our losers. That's not the way to build wealth. Better to hang onto your winners and cut your losers loose.

That said, don't bet against the odds. Odds are, your first business will fail.

That's why you should seriously consider selling your first business if an offer ever comes your way.

“ *Business is like love. It's very seldom that your first love is meant to last a lifetime.* ”

Instead, your first love will teach you many painful lessons about yourself and relationships before your heart is broken and you're left to start from scratch.

Same for business. Your first startup will teach you about your strengths and weaknesses, and teach you about business (most of which requires reprogramming your brain from what you learn in school or corporate life).



Alan Knott-Craig

You learn the hard lessons the hard way:

1. Choose the right partners

Just because you laugh at the same jokes and support the same sports team, doesn't mean you have the same values. Choose partners that share your worldview, otherwise, your venture will end in tears, always.

2. Focus

It's easy saying "yes". It's also easy to fail. To succeed you need to develop laser-like focus. That starts with saying "no" to everything. Strip all distractions from your private and professional life so you can focus.

3. Sales comes first

Without revenue, you're dead. Your number one job as an entrepreneur is to sell. Sales sales sales. Learn to sell or fail.



Photo by rawpixel.com on Unsplash

4. Cashflow is everything

It doesn't matter how great your product is, or what your sales pipeline looks like. The only thing that matters is cash flow. Cash is the lifeblood of business. If you're not prioritising cash flow, you're like Noah not prioritising building the ship.

5. You never take leave

Some people start a business so they don't have to apply for leave again. It's true, being a business owner means no more asking permission to go on holiday. It also means never going on holiday again. Even if you do manage to escape to Mauritius for a week, your phone stays on, and you stay connected. Cash flow doesn't become someone else's problem just because you've clocked out.

6. No one pays you a salary

Being an entrepreneur gives you the chance to get rich, but it also means no one makes sure you get a salary at month-end. The buck stops with you. First, you make sure everyone else gets paid. You get paid last.

7. You need enough capital to grow

Don't start a business unless you have enough runway (cash) to last two years without revenue.

“ An under-capitalised business is like a premature baby. All your energy goes into survival rather than growth. ”

8. Don't sell hours

Selling hours is a safe way to generate cash flow, but it is an infinite treadmill. You can only earn more by selling more hours. Better to figure out an annuity revenue model. Annuity revenue is where your financial freedom is hiding. Earn whilst you sleep.

9. Ego kills

In school and corporate life, a big ego is survivable. Sometimes it helps you climb to the top of the ladder. In startup life, a big ego kills.

“ You can't learn if you think you have all the answers. If you can't learn, you'll fail. ”

10. Speed is everything

As a startup, your greatest advantage is speed. You must be agile and fast. You must adapt quickly. Speed is everything. Speed is a function of trust. If there is no trust, there is no speed, and you lose your greatest advantage. Trust is a function of keeping your promises and doing the right thing. Always.

Most entrepreneurs lose money in their first business. Sometimes it ends with a bang, and sometimes it ends with a fizzle. Either way, you're left having to start again from scratch.

Better to start from scratch with some cash in the bank to go along with the hard lessons learnt.

If someone offers to buy your first business, take the money, say goodbye to your first love, and thank your lucky stars you learnt your lessons for free.

ABOUT ALAN KNOTT-CRAIG

Alan Knott-Craig is a South African entrepreneur and author. He is the founder of Project Isizwe as well as executive chairman of Hero Telecoms, Ever Africa, and Happimo NPC.

- The Covid-19 pandemic and lockdown has accelerated 4IR [Part 2] - 3 Jun 2020
- The Covid-19 pandemic and lockdown has accelerated 4IR [Part 1] - 1 Jun 2020
- #BizTrends2019: What's holding back the value of 4IR? - 14 Jan 2019
- How 4IR will benefit South Africa (Part 2) - 24 Oct 2018
- How 4IR will benefit South Africa (Part 1) - 22 Oct 2018

[View my profile and articles...](#)

For more, visit: <https://www.bizcommunity.com>