

Part 1

The smartest businesses will start this decade

<http://www.pbookshop.com>

COPYRIGHTED MATERIAL

1.1

New world order: All the rules have changed

“We’re going through a revolution again. There is another transformation happening. The costs of starting a business are being decimated again, the speed at which you can bring something to the world is increasing in speed again. Thus if we can do the whole thing much faster and cheaper we’re going to be able to do different businesses in different ways. There’s a new way to start a business coming – it takes very little time, very few people, very little capital and can be profitable quite quickly. Thus the rules are about to change again.”

—**Doug Richard, School for Startups and *Dragons’ Den***

“This is a great time to start a business. Everyone is looking at things differently, seeking fresh answers or a new approach. Consumers want great value or originality and investors are looking to back great passion, commitment and ingenuity – plus there are some great deals to be done out there as suppliers compete to service your new business. If your idea is strong, and your determination levels are high, the future is very exciting.”

—**Sophie Cornish, *Not On The High Street***

“The last decade has seen a cultural shift. Starting a business has become more accessible to more people, particularly those with drive and a desire to succeed. There are more role models inspiring people to think ‘maybe I can do that too’.”

—Peter Jones, *The National Enterprise Academy and Dragons’ Den*

If there’s one thing all the entrepreneurs Smarta speaks to have in common, it’s that they’re all thoroughly energized and excited about being in business right now. Oh, and they’re impatient. They can’t sit still because they want to get moving. They don’t have enough hours in the day or days in the week for the ideas in their head because they realize what opportunity-rich times we find ourselves in.

Smarta’s excited too and our belief that we’ve entered a new, exciting time for business was our main reason for writing this book. Reject, ignore and banish any notion from the national press, politicians or even business lobby groups of doom and gloom, economic hardship and credit crunch. We’re not denying any of those things, we’re just not – like all the smartest business people right now – distracting ourselves with them either. The truth is, for the people starting exceptional businesses, the economy is irrelevant. Yes, we said it – and yes, we stand by it.

Make no mistake: this is a phenomenally exciting time to be starting or running a really smart business. If you’re thinking of starting a mediocre business we might be more cautious. But if you want success badly enough then you genuinely have never had so many opportunities to make that happen. And it’s never a bad time to start a great business.

The world has changed. The rules have changed – and we promise you, they’ve changed in your favour. Whatever the state of the economy and the national debt and whether or not we’ve got stealth taxes, deficits and cost-cutting coming out of our ears, business is open for trade like never before.

What do we mean when we say everything has changed? We mean everything. Again, forget the ‘business world’ for a moment – that’s rarely where the best businesses are dreamt up, after all.

Instead, focus on the world around you. In the past few years it’s changed immeasurably. Compared to ten or even five years ago, the way we work, play, communicate, consume, earn, spend, borrow, save and take in our news – these have all changed unrecognizably.

Every raw function of our everyday lives has been touched by the emergence, convergence and development of technology and the internet. These innovations have changed not just our functions but how we form opinions, express opinions, our expectations and our desires.

The hurtling pace of change shows no sign of slowing – and yet this is only the start. The internet has only been in most of our lives for 13 years or so. It’s barely a teenager with spots, for heaven’s sake. Imagine its potential when it’s fully grown up and graduated.

The smart businesses out there are already busy keeping up with this new world, adapting and tailoring their products and services to its ever-evolving demands, while the even savvier are constantly looking to push, lead and help influence the future by pre-empting consumer patterns. These businesses aren't pushing products at consumers, they're using social media to hear what products consumers want and then providing them. Welcome to the new world order.

As the consumer demands more and more choice, we're seeing more and more flexible, small businesses serving the niche markets that cumbersome big businesses are too languid to service and too archaic to identify. Next time you see a household brand collapse, as sad as it is for the employees, ask yourself how many were actually catering for their former customers' changing needs. Not many.

And for every monolith that crashes into the wasteland there are opportunities aplenty for small businesses waiting to pick up the crumbs and do a superior job. Technology isn't just fuelling the crash of big businesses, it's powering the rise of small businesses as well. And here's where the rules have changed in your favour.

All the costs of starting a business – which for years have been prohibitive to those without money and given the power to those with money – have all but been eroded. The fundamental and crucial components you need to start and establish a business are, by the day, becoming almost free.

Serious barriers to entry such as the cost of building a website or hiring a developer and a marketing executive, which even three years ago might have cost £50,000–£100,000 – have now almost disappeared.

Brilliant ideas which could have become billion-dollar businesses but never got past a failed bank loan application now don't need that bank loan. Their founders can start growing that business regardless and then prove they're worth investing in once they've established a customer base.

You can turn yourself into an expert and a respected brand on Twitter, build yourself a website on WordPress, start trading globally on eBay and hire your first employees without spending any real money or even thinking about an office – and all before you've even quit your day job. Do you know what? You might never quit your day job!

There isn't one path any more. The options aren't few and constrictive, they're many and empowering. There's no one way to start or run a business any longer. Instead there are many ways and you're free to choose the one that's right for you.

Business has been democratized. You don't need to be skilled, you just need to put the time in – and you no longer require vast sums of money either. In the new world order of business, skills are cheap and passion, knowledge and time are the important currencies.

Collaboration has replaced obsessive and defensive competition. We no longer see ourselves as one person or one small business fiercely competing against all the thousands of other businesses. Instead we're start-

“ You'll always have multi-nationals, but there'll be fewer of them. For every 200-employee business there will be ten 20-person companies working more flexibly and creatively ”

ing – or at least the smartest businesses are starting – to work collaboratively with other small businesses.

More businesses will form alliances, if not full joint ventures, with other small businesses, whereby you can work together for the shared, greater good rather than competing with each other. The successful entrepreneurs of this decade won't be hard-nosed sales tycoons or, contrary to popular belief, social media gurus, but simply people who understand people.

Those leaders who stay close to their customers, their staff and their partners and build powerful relationships with all three will prosper and be those most able to capitalize on change.

The business landscape will change still further. There will be more small businesses and fewer big businesses. Obviously you'll always have the multinationals, your BPs, your Tescos, your BTs, but there will be fewer of them. For every 200-employee business there will be ten 20-person companies working more flexibly and creatively, in terms of both how they do business and how they do their work.

“Being exceptional will be the benchmark for business success in the 2010s. To be exceptional you have to go over and above what other people are prepared to do”

Of course, not everyone who starts up a business will survive. Opportunity ensures nothing. With the explosion in opportunity and the number of small businesses, the need to be exceptional at what you do only intensifies. Being exceptional will be the benchmark for business success in the 2010s, whether you're big or small, well established or a day old. Be exceptional and people will want to work with you and spend their money with you.

To be exceptional you have to go over and above what other people are prepared to do. So success depends on whether you're prepared to go the extra mile in customer service or put in the another hour on a Sunday night, on how you treat your employees, partners and customers, on whether you're able to think innovatively and embrace change.

“You have to work with uncertainty and embrace it as an opportunity to get ahead”

The only certainty in business now is uncertainty – but you have to work with that uncertainty and respond to it as an opportunity to get ahead.

The truth is, what we know today could be completely outdated in a year's time. There are people who still cling to the belief that what worked in the 1980s and 1990s and made them successful will carry on working now. In some way they might be right, but as a whole what's working now won't work in two years' time and you've got to keep adapting.

If there's one thing you won't find from the entrepreneurs and business leaders

WWW

Read the predictions of 30 top entrepreneurs:
www.smarta.com/business-brains

offering advice in this book, it's predictions about how the business landscape will look in 10 years' time. Why? Because they don't know. But what they do know is you can't look to the past either. You can only chase the future by embracing the present.

