



6 SECRETS FOR

Startup Success

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There's nothing quite like the excitement of starting a new business. In fact, being an entrepreneur is one of the most rewarding "jobs" a person can have.

It's been said that "Entrepreneurship is living a few years of your life like most people won't, so that you can spend the rest of your life like most people can't."

If you have the entrepreneurial spirit, that quote probably resonates with you as much as it does us.

Whether you ended up here because you wanted to be in control of your future, or stumbled upon an idea that is destined for greatness— one of the smartest things you can do is to study other people's success and learn from their mistakes.

The decisions you make early in your business happen, by nature, when you have the least experience. However— they are often some of the most consequential.

As you've probably already realized, as great as running your own business can be, it's not easy.

We've walked this journey as advisors, partners, and friends with hundreds of startups just like yours. This guide, *The Six Secrets for Startup Success*, is a collection of lessons learned aimed at helping you begin your journey on the right foot.

Separate Business from Personal

01

Even if you've formed a sole proprietorship, and have no legal distinction between your business entity and your own identity, it's important that you do keep your business and personal finances separate.

In the early stages of your business, it's tempting to spend money (especially cash) that your business takes in without proper accounting—but this can lead to real confusion when you try and analyze your business's financial viability in the future.

While it might not seem like much today, at the end of the year you'll want to take a hard look at your business' income and expenses— and without a clear picture it will be hard for you to make a determination of how your business is truly doing.

The easiest way to do this is to open a separate bank account that is just used for business purposes. Deposit all income into that account, and only spend money out of it to pay for business expenses and write yourself a paycheck.

Just by keeping your banking separate, you'll have a much more clear picture of both the income and expenses of operating your business.

Many local banks and credit unions offer free or low cost checking accounts with online banking features that will help you run your business on the go.

Know the Value of Your Time

02

There's an old saying in business— "time is money". And though it's simple, it's true.

In fact, there may be nothing more valuable than your time. It's one resource that no amount of money can buy you more of.

Startup companies and entrepreneurs often forget to factor in time to their products or services as one of their costs. This omission can make it really hard to pay yourself— and you want to do that right?

Even if you haven't gotten to the point to be able to pay yourself a fair salary for your work, every startup has that common goal.

First you need to understand how valuable your time is. This could be as simple as calculating your "hourly rate". You'll need to factor in those costs into your projects in order to make a profit.

Young entrepreneurs can also make the mistake of spending too much time with tasks that are "below their paygrade". If, for example, you determine your hourly rate is \$75 and you're spending too many hours on bookkeeping, then finding a bookkeeper at \$50 an hour makes financial sense.

You'd actually be saving yourself \$25 an hour!

Establish Clear Goals

03

One of the best assets a startup company has is their enthusiasm and drive. It's often these fresh and exciting new ideas that come up with the products and services that change the world.

While it's helpful to maintain a level of enthusiasm, you have to have a clear vision for where you're headed in mind.

Instead of saying things like "We're going to have a big year", you need to focus on much more specific goals.

One of the most popular methods of goal setting are S.M.A.R.T. goals. If this is your first time hearing this phrase, S.M.A.R.T. is an acronym that stands for Specific, Measurable, Attainable, Relevant, and Time-Bound. Each goal for your business needs to have all 5 characteristics.

One of your goals might be to start saving more money. Unfortunately, this is a subjective goal that might mean something different to you than it does to anyone else.

To make it a smart goal, you could change it to "I want to save \$1,500 per month for the next 12 months".

Now the goal is specific, measurable, attainable (depending on your financial situation), relevant, and time-bound.

By identifying your goals clearly, it will give you more direction and make it easier to communicate what you are trying to achieve with your team, possible investors, and even clients!

Limit Your Fixed Expenses

04

With technology and the ability to have an office from pretty much anywhere with an internet connection, starting a company has never been cheaper.

And that's a good thing!

Young entrepreneurs have a tendency to focus on the wrong things, namely appearance, instead of keeping their eye on the prize (a financially viable and successful business).

Keeping your expenses to a bare minimum as your company begins to grow is one of the most financially sound decisions you can make for the long term.

The truth is, your business is likely to change a lot as you start to grow. Getting stuck into long term contracts (like an office lease) could cripple your ability to make adjustments to your plans as you find your place.

By limiting your expenses you actually create a big advantage over some of the bigger companies in your space— you are more agile and able to adapt to changes in your marketplace.

Use that to your advantage!

By keeping your fixed expenses as low as possible, you can invest that money in things that help you acquire new customers or provide a better customer experience to the customers you already have.

Think twice before signing up for anything that recurring payments as those costs can begin to add up quickly.

Document Your Processes

05

As your company begins to grow, it's important to maintain consistency— and one of the easiest ways to achieve that is to document all your processes.

Creating standard operating procedures (SOPs) is one of the most effective ways to improve communication within your organization.

Whether it's training new staff or establishing standards for how you conduct business, these processes need to be written down in a clear manner that anyone can understand.

All you need is a Word document or spreadsheet and write down, in order, every step you need to take to complete a task.

Start with simple things like how you answer the phone or reply to emails, and gradually move your way up to the more complex processes in your business.

You'll find that having all these procedures written down will improve your consistency, and will help you get new staff up-to-speed much quicker because they'll have a detailed step-by-step process to follow.

As you continue to execute the procedures, you'll find ways that you can maximize your time and become better and more efficient. Efficiency is a key to your success (don't forget: time is money) so don't hesitate to experiment and make adjustments with your SOPs over time.

You don't have to get it perfect on the first try— and you likely won't (that's okay!).

Hire a Finance Professional

06

One of the easiest mistakes to make is to assume you can manage all the financials of a business without any experience, training, or formal education.

Most entrepreneurs rather talk about anything other than budgets, balance sheets, and bookkeeping— and that’s not necessarily a bad thing (if you’re just willing to admit it).

But it would be a big mistake to just assume those things will take care of themselves. Spoiler alert: they don’t!

Bookkeeping is a science, and tax codes are complicated things that change frequently.

Remember when we encouraged you to calculate your “hourly rate”? Unless you are a CPA yourself, it will likely take you twice the amount of time as a professional to carry out your financial duties— and an accountant is likely going to be much less expensive than double your rate.

Not only that will outsourcing your bookkeeping save you money, but it will likely save you loads of frustration and give you the peace of mind that things are done correctly.

A great CPA will take the time to understand your business and even offer guidance that could help you be more profitable. Instead of looking at it as an expense, think about it as adding a financial advisor to your team without having to pay them a salary!

Are You Setup for Success?

This guide touched on six “secrets” that will help you avoid some common mistakes and start on the right footing— but there's not one right way to start, grow, and sustain a successful business.

Of all the common characteristics entrepreneurs possess, one of the most important is perseverance.

Thomas Edison famously said *“I have not failed. I’ve just found 10,000 ways that won’t work”*. It’s this mentality and example of perseverance that might be the biggest secret to success.

Over the next few days, we’ll send you a few more tips that we think you’ll find useful, so keep an eye on your inbox.

Until then, if you have any questions, don’t hesitate to get in touch.



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