



**DON'T BE A SMARTASS**  
Start-ups, like kids, often think they know better. Sometimes it's worth listening to that hard-won advice.

LESSONS  
LEARNT

## Advice I wish I'd listened to

Five key start-up lessons that all entrepreneurs hear – but seldom listen to. By Mongezi Mtati

**THE EXCITEMENT OF STARTING A BUSINESS**, proving a model and building on every experience can often leave the founder juggling far more than they can keep a handle on. It's akin to living on the edge, leaving the safety net, or being on an endless dose of adrenaline. When things quieten down just after midnight for some, the lessons we should have learnt come to the fore.

As an entrepreneur, I know these moments well. They come rushing at you all at once, making you wish you'd listened to that advice about a bedside notebook to record your thoughts, but you didn't and now your mind is on overdrive.

Here are five simple lessons that all start-ups should – but rarely do – apply.

### 1 Build thought leadership and educate

As one person, or a small team, all you have is your immediate network to find new clients and prove that your offer is worth the price you ask for it. The days of 'open up shop and they will come' ended with the emergence of the information age. This assumes that you're targeting a smart market of connected people who are interested in knowing more. They're questioning everything, and they love stories that they can share, or that add meaning to their lives.

The first place any of us look when in search of advice or service providers is the web. As a start-up, it's a huge opportunity: It's a cost-effective and easy way to generate content and keep a relevant content stream going. If you're well-versed in your industry, you can even write for trusted industry

platforms that position you as an expert while you build your business.

Stories that empower would-be clients and customers by sharing meaningful stories or educate them about what you do and why that serves them, spread. Instead of trying to be at the centre of customer stories, let your business become part of their story. That's when you gain credibility and the sales follow.

### 2 Ignore the Joneses

Keeping tabs on the competition is only important if it empowers you to improve your model, or enables you to create better products and make a bigger difference in your market. But be careful. An obsession with competitors can lead to a loss of identity. Be who you are, as much as you can. People love products for different reasons. Trust

that. iPhone lovers care about the differences that distinguish their smartphones from HTCs and Samsungs. No one wants different phones that are all the same. This is true of any product.

During my first encounter with my mentor I told him why other businesses in my chosen industry were doing certain things in ways that I could improve. He advised me to focus on my model, on why this makes sense as a business first and how I should build it in a way that targeted clients' buy-in. This advice ensured that we focus on our offering in the marketplace, that we build both the business and 'our secret sauce', instead of creating something that intends to beat the competition. It also means we're unique in many ways, and not just copying our competitors.

### 3 Don't cry over burnt cash

Cash is one of the most important resources in both growing and multinational organisations, but of course, the smaller the business, the more every cent matters and it's guarded with everything there is. Sadly, aside from investing in the business, building an organisation leads to burning money on some bad decisions that seem sensible at the time. This is an unavoidable part of starting a business.

As a business owner, networking is one of the easiest ways to build contacts and it also happens to be one of those things that lead to

before they jump in. A business that has been around for two years has more trust and consistency on its side than one that started three months ago.

When a partner and I started another business, we went on a spending spree in the first three months where we bought advertising space in various newspapers and websites. We thought that getting exposure for our products would mean that phones would ring for offers to buy and they did. Most of the serious customers needed a guarantee that only time in the business would afford us and that cost us a few potential sales that were important for our survival.

Consistency, even among the people who almost trust you with their lives, is key to letting them trust you with their wallets. And patience. You need to build a reputation. It takes time to launch a successful business. Hang in there.

### 5 Not everything is an opportunity

"Your time is yours to pour into the business, not to use on non-paying efforts that present themselves as opportunities," said a mentor who was discouraging me from taking on more work for exposure. Like my strong-headed peers, I allowed that advice to fall by the wayside. Unfortunately, he was right.

When you're starting out, people offer you the opportunity of 'exposure' in lieu of

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a collection of unused business cards. Getting your business cards designed and a website up and running are important aspects of starting up and this should be done properly. They can be done cheaply or by an affordable designer who does a proper job. Too many start-ups waste money trying to save money. More often than not, it's better to do it right the first time, even if it costs a bit more upfront – you'll save in the long run.

The identity that you create for your growing organisation contributes to your clients' buying decisions.

### 4 Consistency is king

50% of all advertising and communication is wasted, as the famous adage goes. It's true that most of the people you reach out to are not interested in your offering; in other instances people watch

billable work and hours and most of that exposure does not amount to billable work. It ends up being a waste of time that could have been used to either make money (or more dreadful hours) in the business waiting for the phone to ring or drumming up sales. It could even have meant going to SARS for an hour or two, which saves you pain later. The rule is simple: Don't work for free.

The most important and fun part of running your business is keeping it alive every single day, surviving each challenge and emerging as a stronger company. **EM**



➔ **MONGEZI MTATI** is the founding MD of WordStart, a word of mouth agency that helps companies generate buzz among South African influencers.

## 2 MINUTE READ

### UNDERSTAND YOUR MARKET SIZE

If you don't know who you're targeting, you'll never make your sales.

Market size. It's a crucial area that start-ups (and even established businesses) often get wrong. Don't assume your market is

bigger than it actually is.

The more focused and specific you become, the better your chances of reaching your target audience.



#### DRILLING DOWN THE DETAILS

"Yappo focuses on mobile payments," explains Stuart Minnaar, founder of the mobile payments solution company. "There are 55+ million people in South Africa. But, only half of those are urban, and half rural. Generally, a product needs to target one or the other. We focus on an urban customer base. The next question we have to ask is, 'who has access to the Internet?' And who of those people would look at mobile payments? Each question chops off segments of the market.

"The online, ecommerce business in South Africa is one million people. Now you need to convince 20% of them to buy from you. Suddenly, your market is tiny.

"How do we reach that figure? Five million people have smartphones. Of those, only about two million have credit cards. You need to understand this. Don't fool yourself when it comes to market size, particularly if your investors will be able to do these sums themselves."

#### TOP TIP

Be realistic – once you've cracked that market, you can start thinking out the box – where else could your application/product or service be used? But don't be fooled by market size.

– NADINE TODD