

Weighing the Pros and Cons of Becoming Your Own Boss

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People consider self-employment for many different reasons, ranging from the allure of not having a boss, to the excitement of being an entrepreneur.

Regardless of your motivation, you'll need to ascertain if you have the skills required to manage yourself effectively. You'll also need to weigh the pros of cons of working within an organization. For starters, an organization offers you its structure, systems, and resources to support your professional development as you move along a career path. Also, while in an organizational environment, you'll get a regular salary along with a variety of benefits.

If you work for yourself, you'll need to create your own structure and systems and maintain sufficient financial flexibility to cope with an irregular flow of income. Being your own boss also requires "big-picture" clarity, lots of energy, and a great deal of self-discipline. However, the rewards are great if you have a desire to be autonomous and a healthy ambition.

What You Need to Know

I want to start working for myself and am thinking about a franchise. How do I choose the best one for me?

If you are considering buying a franchise, make sure you do your research properly and find something that will hold your interest for the duration of the franchise agreement. It is easy to buy a franchise, but franchises come with a tangle of legalities that are hard to back out of. Talk to some of the existing franchisees and visit the Federal Trade Commission Web Site given at the end of this checklist for advice on buying a franchise.

I would like a different lifestyle and am considering running a business abroad. What do I need to consider?

Many people have a dream of leaving the rat race and living an idyllic life in a sunny climate where they meet the many and varied desires of tourists. However, many people run afoul of their dream by not considering whether the culture and lifestyle will be conducive to them and those venturing forth with them. Make sure you understand the legal aspects of owning and running a business abroad and find something you can commit to. Ensure that you plan properly and have the resources to support

you while you set up your business. Being on vacation is very different from living and working in a tourist destination, so talk to others who have done this.

If there was one thing that I needed for being my own boss, what would it be?

Most of us need a structure and incentives to work. If we do not have these, we tend to let things slip, so you will need to provide these things for yourself. Make sure you know what you want to accomplish and what you will gain by doing so. In terms of your approach, the most important qualities are self-discipline and a commitment to what you choose to do. You need to be able to keep yourself focused and productive even if things are not going particularly well.

What to Do

You may be contemplating entering the self-employed world for a number of different reasons, some of which may have more to do with “escape” than “aspiration!” Although your initial motivation may be to get away from something dreadful, check that this is not the only motivator for you to become self-employed—otherwise you might find yourself trying to move forward while looking backwards! If, however, your unhappy circumstances are merely encouraging you to do something you have always wanted to do, perhaps it is time for you to take action. See if your motivation for becoming self-employed has a positive basis by thinking about the following questions:

- Have you dreamed of being your own boss for a long time?
- Do you have a great business idea?
- Have you invented a product or a process that you think will form the basis of a business?
- Do you come from a family of entrepreneurs?
- Do you have a role model or mentor who inspires and encourages you to go it alone?
- Do you think you will be able to make better use of your talent and experience as an independent person?
- Is there an opportunity you wish to take advantage of?

Whether your motivation is positive or negative, try to have a positive vision of the future. If you can manage this, you will easily find the amount of energy and commitment that you will need to succeed.

Here is a checklist of things will need to do to establish whether or not you have the skills to be your own boss:

Know Yourself

Although you may think you know yourself, it does no harm to review your values, beliefs, drivers, and talents to ensure that you will be able to rally sufficient personal resources to sustain yourself in self-employment. Try to envisage what it will be like to be your own boss and what behavioral qualities you will need to succeed. Ask yourself the questions below.

- **Are you happy to be the sole decision-maker?** Often people who manage themselves find it quite hard to take full responsibility for every decision that has to be made: small or large, trivial or important. In organizational settings, we either have precedents or we can bounce ideas off colleagues. When we work on our own, we do not have this luxury.
- **Do you like to be alone?** People who manage themselves are often happy to be alone and autonomous, and they like having choice and control. However, even though this is generally true of the self-employed, many rejoin the organizational setting because they miss the social interaction and the support of being with people who are working toward the same goals.
- **Do you have the organizational skills?** Being your own boss demands a great deal of organization. You will need to plan your time to include your marketing and networking activities so that work will continue to flow. In addition, you will need to make sure that your books are kept up to date and that you can put your hands on the paperwork related to your finances. Invoicing and general office administration will need to be dealt with efficiently, and the technology that will assist your communication will need to be purchased and maintained. All this is before you even begin your work!
- **Do you have the self-discipline and persistence to be your own boss?** The tedious parts of running your own business are not exactly motivating. Sometimes, you will have to be strict with yourself to keep going when you would rather stop and relax a while. In truth, you are never off duty when you run your own business, and if you fail to attend to the administrative or work-related issues as they arise, they will just pile up until they become urgent.
- **Do you complete projects and assignments on time?** You have no one to blame or cover for you when things get away from you and deadlines slip. You are only as good as your last piece of work, so you must maintain the goodwill of your clients by troubleshooting and delivering on promises. If you are going to miss a deadline, you will need to manage your client's expectations so that there is no damaging fallout.
- **Are you able to market yourself by building and managing your network?** Most common among people who work on their own is their distaste for networking. As one of the personality traits that people who manage themselves have is introversion, they often resist contacting people and building their network. Yet this is a vitally important activity. If you are to remain visible to a client base who would not otherwise see you, you need to contact them and arrange meetings so that they can build a relationship with you face to face.

Be Sure You Have a Business Plan

There are likely to be ebbs and flows in your business, particularly at the outset when you may not have the market breadth and stability that will guarantee your continued success. Have you written a **business plan** and does it include the **contingencies** that will help bridge the gap between prosperous and lean times. Do you have a good grasp of the **risks** you may encounter and the ways in which you can ameliorate these? You may need **professional liability** insurance which protects those who provide professional advice or services.

Be Sure You Have a Good Support Network

Families are often the casualties of those who are committed to making their own businesses successful. Having a support network, whether it is your family or an affiliation to a professional network, makes all the difference.

Be Sure You Have a Safety Net

When you work for yourself, there is no safety net if you get ill or when you retire. These are considerations that should be made at the outset of your self-employment.

Make Provisions for Tax Payments and Accounting

Many people find it challenging to take responsibility for their own books, particularly in the context of today's complex fiscal laws. It is a relief, often, to be able to hand these over to a specialist and it need not always come at a high cost. However, there are many accounting packages, and tax advice is freely available if you choose to take responsibility for this aspect of your business.

Becoming your own boss requires robust motivation and brings with it high levels of responsibility, commitment, and energy. It is easy to focus on the more burdensome aspects of working for yourself, but there are also pleasures. Every time you win a piece of work or are awarded a new contract, you know you have done it for yourself. Your earning capacity is as great as you wish it to be, and you can choose when you spend time away from your work and when you take a vacation. Although it is hard work, the rewards are in direct proportion to your skills and abilities. There is much to recommend it!

What to Avoid

You Choose a Business You Know Little About

Some people see running their own business as a quick way of making money, and, because of this, they get embroiled in opportunities that promise an early return and lots of riches. However, it is important that you not be seduced by the apparent glitter of a business idea that you know little about. Make sure that your venture is in an area in which you are knowledgeable and in which you have passion.

You Fail to Account for Tax Liabilities

When cash flow is poor, you may be tempted to steal from your reserves to get over the lean time. However, this puts you in danger of being left short when your tax payments are due. Make sure that you calculate and cater for your tax liabilities as you go along, and if you think you are getting into trouble, consult with an expert who can advise you of the best way forward. The IRS, Chambers of Commerce, major banks, and independent small business advisors are useful resources in these circumstances so do make use of them.

You Fail to Have a Business Plan

A common mistake is to rush into a business and make it up as you go along. However, this often leads to disaster. Make sure you think through the business opportunity from all angles and write a detailed business plan. This will force you to examine the business and highlight any areas of vulnerability which need to be considered before you commit yourself. It does not mean you will not take the business opportunity, but it will mean that you are prepared and can take into account most predictable eventualities. There are many resources on the Internet that offer guidance on drawing up a business plan.

You Fail to Consider the Risks

A dream and enthusiasm are not enough to ensure success. If you have dependents, you may want to consider running your own business alongside your usual employment for a while or agree to have your partner to have him or her support you for a period of time. Although this may delay the beginning of your self-employment, it contains the risk long enough for you to discover whether or not you have the personal attributes to be your own boss and succeed in your aspirations.

Where to Learn More

Books:

Duncan, Kevin, Teach Yourself Running Your Own Business. Teach Yourself, 2005.

Hedges, Roy, Running Your Own Business Made Easy. Lawpack Publishing Limited, 2006.

Reuvid, Jonathan, Working for Yourself: An Entrepreneur's Guide to the Basics. Kogan Page, 2006.

Burch, Geoff, Go It Alone: The Streetwise Secrets of Self-employment. Capstone Publishing Limited, 2003.

Isaacs, Brian, Work for Yourself and Reap the Rewards: How to Master Your Destiny and Be Your Own Boss. How To Books Limited, 2004.

Hawkins, John, Building Your Own Business: How to Be Your Own Boss by Creating Your Own Business or Going Freelance. The Crowood Press Limited, 2003.

Web Sites:

Bplans.com: www.bplans.com/dp

U.S. Small Business Administration: www.sba.gov/smallbusinessplanner/index.html

Federal Trade Commission: www.ftc.gov