

# DEVELOPING SELF-DISCIPLINE FOR STARTING YOUR OWN BUSINESS

Tools and techniques to becoming the  
perfect entrepreneur

**BY BRIAN TRACY**

“

*To start and build your own successful business you need special disciplines, disciplines that are practiced by all successful entrepreneurs and self-made business millionaires. You can either learn and practice these disciplines early in your entrepreneurial career or you can learn and practice them later.*

”

-Brian Tracy



## **The American Dream**

More than 50% of all Americans dream of starting their own business some day, but only 3% ever do, in their entire lifetimes. In our free market economy, where it is extremely easy to start and build your own business, and where there have never been more opportunities in all of human history than exist today, why is it that so few people follow their dreams into entrepreneurship and business building?

I have studied the subject of entrepreneurship, business and management for many years. I have started and built several successful multi-million dollar companies from scratch. I have read literally hundreds of books and thousands of articles over the years, and taken a masters degree in business and administration on the subject. I have worked with many thousands of entrepreneurs and business people in large and small organizations all over the country and all over the world. I have trained many tens of thousands of entrepreneurs, managers and executives on subjects ranging from sales and marketing through to strategic planning and finance.

Even today, with all of this experience, I really don't consider myself to be an expert. However, I am a little bit more knowledgeable than the average person and I have some very definite ideas on what you can do to start and build a successful business.

## **You May Not Get Rich**

First of all, why would you want to start a business in the first place? Most people think that the reason for starting your own business is so that you can make a lot of money and retire rich. This is a great idea but it is not the real reason that people take the risks of entrepreneurship.

The number one reason, ahead of all the others, is for the personal freedom offered by owning your own business. There is a little joke that says that when you start your own business, you only have to work half days; and you get to decide whichever 12 hour period you prefer.

In my work with entrepreneurs over the years, I have found that, although they do not necessarily become rich, they do become happier, more self-confident and more self-reliant. Very few entrepreneurs would ever go back to a salaried job. Even though they don't make an enormous amount of money, they love the freedom so much that they could not imagine turning their destiny over to anyone else.

### **You Can Do It Too**

Someone once said that you can only be a successful author *if you cannot not write*. You can only be a successful entrepreneur under the same conditions. You can only be successful starting and building your own business *if you cannot not do it*. The starting point of success as an independent business person is a burning desire for independence, freedom and opportunity. It is the desire to be your own boss and not be controlled or dictated to by anyone else.

But let's go back to the first question. Why is it that so few people actually start their own businesses? And the primary reasons are fear and ignorance. Fear and ignorance are and always have been the greatest enemies of human success.

### **Don't Be Ignorant**

Fear blows even the slightest risks out of proportion and paralyzes the person, holding him or her back from ever taking that giant leap of faith into the uncertainty of entrepreneurial business activity. And fear thrives on ignorance. The less you

know about anything important or risky, the greater is your level of fear and the lower is your likelihood that you will ever take any action at all.

The good news is that when you begin to chip away at your ignorance, your levels of fear and hesitancy decline at the same rate. When you become thoroughly knowledgeable about what it is that you want to do, you will find yourself with far more confidence and courage than you have fear and doubt. And from that point on, you can begin to make some real progress.

### **Three Types of Businesses**

More than one million men and women start their own businesses every year in America. More people are starting more businesses, selling more products and services today, than at any other time in human history. Remember, there are three types of businesses that you can form. They are corporations, a sole proprietorship and a partnership. Only corporations are registered and the registration is running at over 850,000 per year. The number of sole proprietorships are in the hundreds of thousands. Nobody really knows. , You can start one by simply deciding to, this very minute as you listen to this tape, without even registering it, The number of partnerships is also in the hundreds of thousands, maybe even millions every year.

Because so many hundreds of thousands of men and women are starting various business organizations each year, this means that you can as well. Maybe one or two of these people are smarter or better than you, but you can be sure that hundreds of thousands of them have far more problems and obstacles in their lives than you could ever dream of. In other words, there is no reason whatsoever for you to be afraid of starting your own business.

The key is to make your business a low-risk operation at the beginning with a high possibility for success later on. And these are what you will learn here.

### **You are the President**

By the way, you are already the president of your own company, whether you know it or not. You are the president of an entrepreneurial company with only one employee, yourself. Your company has only one product to sell on the marketplace, your personal services. So, you are the head of your own personal services corporation. And if you name your company after yourself, you don't even have to register it to protect the name. You can go out and print business cards with your name, John Jones Enterprises or John Jones and Associates, and your title, "John Jones — President" with your home and address phone number. The next time you are out with someone and they ask you what you do, you can tell them that you are the president of your own company. When they say that they thought you worked for such and such a company, you can reply by saying that, "Yes, I do work there. They are my best clients right now."

As the President of your own company, you decide how much you earn. Maybe not in the short term, but over the long term, by the things that you do, or fail to do, you determine your own income. If you want to earn more money, go to the nearest mirror and negotiate with your "boss." Your raise will become effective when you do.

### **Two Categories of Business Owners**

You have heard it said that most businesses fail in the first two years. But this is not entirely accurate. If you divide businesses into two categories, those started by

people with extensive knowledge and experience and those started by people with no knowledge or experience at all, you get two totally different failure rates.

Businesses started by people who have done what I will tell you about in this session have a success rate in excess of 90%. Businesses started by inexperienced people who have not done their homework have a failure rate of more than 90%. And even if your business fails initially, it is only by failing in business that you eventually learn to succeed greatly. As Phil Knight of *Nike* once said, "You only have to succeed the *last* time."

On the David Susskind show many years ago, they interviewed four young entrepreneurs, each of whom was a self-made millionaire by the age of 30. David asked them to calculate how many different business start-ups they had been involved in before they found the business that enabled them to make more than a million dollars. The average was 17 businesses per person! But they had not been failing while their businesses had been failing. They had been becoming smarter and smarter as time passed until finally they were so knowledgeable and experienced that the very next business opportunity put them over the top. And this can happen to you as well.

### **Special Disciplines**

To start and build your own successful business you need special disciplines; disciplines that are practiced by all successful entrepreneurs and self-made business millionaires. You can either learn and practice these disciplines early in your entrepreneurial career or you can learn and practice them later. Sooner or later you must become knowledgeable and skilled in each of these seven areas if you are going to build a successful enterprise. And the longer it takes you to master these



seven areas, the longer it will take and the more it will cost, before you eventually achieve your financial and business goals.

The first discipline is the discipline of market analysis. This is where most entrepreneurs fail. They start off with a great idea, and often don't want to tell anybody about it; for fear that someone will steal their idea. So they go off half-cocked into the marketplace with a product or service that has not been thought through properly and they are amazed when it fails.

The fact is that people are far too busy to steal your idea. 99 out of 100 new business ideas fail anyway. People who are operating their own businesses are far, far too busy to have even a minute of time to "steal" your idea, whatever it is.

### **Ask People's Opinion**

In fact, if you have an idea for a product or service in a particular industry, you should go to someone who is already in that industry and ask for their opinion. If you are really smart, you will get in touch with as many people in that industry as possible and lay out your idea to them in full and ask for their candid comments.

What you are looking for is "negative thinking." A negative thinker is someone who will point out the holes and flaws in your plan. If you cannot patch the holes or fix the flaws in your plan for a new business, that is probably a pretty good indicator that your business is not going to succeed.

### **Beware of "Positive Thinkers"**

The most dangerous people you can talk to are "positive thinkers." These are people who will tell you that your business idea is wonderful and that you should "go for it!" They will tell you that this is a great time to start a business and that

you will be a great success. Often these are your friends and relatives. But don't get carried away. The only advice that is of any value to you is advice from people who are thoroughly knowledgeable and experienced in the area that you wish to start a business. Anyone else may be well-meaning but their advice is not worth much.

If you had a sore stomach, you wouldn't ask your coworker if you should have surgery or whether or not he thinks that you have cancer. This is not the right person to talk to. For something as important as this, you need a specialist.

The discipline of market analysis requires that you thoroughly examine every detail of your market segment before you commit your time and money to offering your product or service there.

### **The Law of Three**

Every new business starts with an idea to serve customers with a product or service that is faster, newer or better in some way. In fact there is a Law of Three that applies to a new business start up. Whatever you are offering, it must be better by a factor of three than anything else currently being offered to the same customers.

It must be a little faster, a little cheaper and a little bit more effective. It must have at least three benefits that competing products do not offer. If it has only one or two, you will probably fail in the long run.

Market analysis means that you find out if there is a real market for your product or service. How big is the market? Where is the market concentrated? Is the market concentrated sufficiently so that you can reach it effectively with advertising and



sales? Who are your competitors in the marketplace? Why are your prospective customers buying from your competitors today?

### **Give People a Reason to Buy**

And here's the most important question: "Why should someone switch from their existing supplier of a similar product or service and buy from you?" The failure to ask and accurately answer this question has been the downfall of many small businesses. You have no idea how hard it is to get a customer to switch from a known supplier to an unknown supplier.

When I started one of my businesses, I thought that people would buy from me because it was *me*! I thought that because I was so positive, enthusiastic and convinced in the value and quality of my product, that customers would find my enthusiasm contagious and would buy it and use it in high quantities. What I found was that customers were not interested in switching at all. I had to call on customers over and over again before I could even get them to test my new product.

Eventually, I had to give my product away free, and give guarantees before people would even test it. Once I had given away free products with absolute guarantees of satisfaction, and people tested and used my product, I finally began to sell it. And I began to sell it just in time to avoid going broke completely.

What inducements will you have to give to your prospective customers to get them to switch from what they are doing to buy from you? How will you be able to describe your product or service in such a way that customers will be willing to give up the "devil they know," for the devil they don't?

## **Plan, Plan, Plan**

The second discipline that you must become very good at is the discipline of planning. What this means, at the bare minimum, is that you must take the time to prepare a complete business plan before you start operations. Most entrepreneurs fail to do this, for a variety of reasons. And this is the reason that most entrepreneurs go broke.

The purpose of a business plan is not to act as a road map or as a precise guide to the future. The purpose of creating a business plan is that the preparation of the plan forces you to think through every single critical issue that you will deal with in the future.

The very best and smartest business people are those who have already given a lot of thought to the various things that could happen and to the various things they might have to do, should those things happen. The least successful business people are those who have given no thought at all.

When you prepare a business plan, you are forced to sit down and carefully analyze and justify every single penny in it, first of all to yourself and then second of all to anyone from whom you are trying to raise money.

## **Three Parts to a Business Plan**

A business plan consists of three main parts. The first part is the top line. This is the quantity of your product that you intend to sell on a monthly basis, projected forward 12 to 18 months. Your ability to accurately project your sales is a key measure of your intelligence and your business ability. Once you have conservatively estimated your likely sales, you should cut that number in half to get

the number that will turn out to be closer to reality once you begin business activities.

Remember the great rule of entrepreneurship is that *everything costs twice as much and takes three times as long*. I have shared this idea with thousands of entrepreneurs who have then told me that they were going to violate this principle and prove that it was too conservative. They came back shattered, like survivors of a battle, with their tails between their legs, finally admitting that the two times, three times rule was extremely realistic.

The middle line of your business plan includes every single expense that you can possibly imagine incurring in order to achieve your top line. You must deduct the total costs of the goods or services you plan to sell. You must deduct expenses like rent, telephone, utilities, printing, stationery, stamps, photo copiers, fax and Federal Express, staff costs, furniture costs and every other single detailed cost that you can imagine. These are called the "Costs of doing business."

Once you have added up all the costs, you then take the total and add another 20% as a fudge factor to get a more realistic estimate of your final costs. Your ability to budget and project your sales and your costs accurately is the true measure of your business acumen. Leave nothing to chance. Go over every detail again and again.

When I prepare business statements, I will go through and estimate every number. I will then do a complete assessment, with documents, research, estimates, and actual proposals to justify every number in the business plan.

For example, if a person says to you, how did you estimate these costs for postage? You should be able to say that you estimated a certain number of letters of a

certain weight going out on a daily basis over a one month, two month, three month and 12 month period to come up with an average postage cost of the amount that is in your business plan. Don't ever let yourself be caught flat footed.

### **The Bottom Line**

The bottom line is the amount of profit or loss that you expect to experience on a monthly basis. You then accumulate this amount along the bottom of the page so that you know how far ahead or behind you are on a monthly basis according to your projections.

You should probably expect to lose money for the first three, six or nine months. The minimum rule is that you should have six months of operating expenses set aside before you launch your new enterprise. You should assume that you will not make a single sale for six months. This may be conservative, but it is much better than the alternative of finding yourself broke and wiped out because you did not plan well enough.

### **The Discipline of Money**

The third discipline you need for starting your own business is that of money. As I just mentioned, you need six full months of operating costs, in the bank, before you go into business. If you are thinking of starting a second income business, you can usually start with a small capital investment and use "sweat equity" instead of actual financial capital. Many people have become extremely successful in life starting from a low base and growing based on cash flow and profits from selling a product or service.

There are an enormous number of successful multi-level marketing businesses nationwide and throughout the world. If you start a multilevel marketing business,

your first consideration should be an extremely low up-front cash investment in inventory and sales materials. After that, all your expenditure should be for products that you have already sold at a mark-up from the price at which you are buying them.

Many multi-level marketing companies allow you to start up as an independent wholesale distributor for as little as sixty dollars. In a case like this, you invest your time and your energy rather than your cash, and you keep your full time job while you are getting your feet solidly under you.

If you need money to start your own business, you should be aware that 99% of all start-up money is called "love money." This is money that people give you because they love you, or money that you provide yourself by taking out a second mortgage on your home, selling everything that you have that you don't need, and even borrowing cash against your credit cards.

### **Don't Count On Banks**

Banks simply do not lend money to new business start-ups. The failure rate is too high. Banks are not in the business of taking risks. Banks are in the business of making good, solid loans that they know will be paid back on a timely basis. Banks then make the margin between what they can borrow the money for and what they can lend it to you at.

Banks typically require three times, four times or five times collateralization to lend you any money at all. This means that no matter who you are or what your background, a bank will want proof that you have five dollars in liquid assets that they can seize and sell for every dollar you want to borrow from them. They will

look at your business plan and listen attentively to your business ideas. But they won't lend you any money.

### **Be an Outstanding Salesperson**

The fourth discipline you require is the discipline of selling. You must be an absolutely outstanding salesperson for your product or service before you open your doors or you should not bother opening your doors at all.

The fact is that all successful businesses are started and built by someone who has a remarkable capacity to sell the product in a competitive market. The biggest mistake you can ever make is to think that someone else is going to do your selling for you.

The second biggest mistake you can make is to think that advertising or direct mail is going to sell your product or service for you. The only way that you are going to sell your product or service is by going out and getting face-to-face with critical, skeptical, cautious customers who can buy it if you can convince them of its value. Don't waste a cent on advertising when you start up. That is one of the fastest ways to go broke sooner rather than later.

Listen to every audio program on selling that you can get a hold of. Read the books on selling written by people in your same industry. Attend sales training seminars and courses and then see as many customers as you can, all day, every day until you begin to bring in sales in excess of your costs of operation. The discipline of selling is the heartbeat of your business and the way you deal with this discipline will determine your success or failure.

The discipline of managing is something that you learn as your business begins to grow. There are thousands of books and hundreds of university degrees on management, including entrepreneurial management. Your ability to plan, organize, staff, delegate, supervise, measure and report is absolutely essential to being a good manager. Fortunately, you can learn these skills by study and practice. And always remember, your weakest important skill in management will set the limit on your success in your business. Whenever you are having problems of any kind, resolve to learn what you need to learn to become very competent in that area.

### **The Secrets of Power Negotiating**

The sixth discipline is the discipline of negotiating. There is perhaps no better program to teach you negotiating than Roger Dawson's *The Secrets of Power Negotiating*.

You learn how to negotiate by first of all studying the process of negotiating, and then second, practicing negotiating at every opportunity. You negotiate for better prices for your products and services when you are buying. You negotiate for higher prices and earlier payments for your products and services when you are selling. You negotiate for extended payment terms from your suppliers. You negotiate for better loan terms and interest rates from your bankers.

With regard to money and negotiating, the rule is that you preserve cash at all costs. You never buy when you can lease and never lease when you can rent. You never rent when you can borrow and you never get anything new if you can get it second hand. Negotiating for and protecting your sources of cash flow is the most important thing that you can do for a small business. If you run out of cash, you're



dead. Cash is to a small business as blood and oxygen is to the brain. You must fight, scramble, negotiate and do everything possible to assure that you always have cash reserves.

It has been said that every new business start-up is a race against time. It is a race to find a way to generate cash in excess of your costs before your cash runs out altogether. You stay in business to the degree to which you bring in enough money to pay for your mistakes until you are finally generating excess cash.

### **Become Resilient**

The final discipline is the discipline of resilience. It is the ability to bounce back from the inevitable setbacks and disappointments that you will experience virtually every single day in starting and building your own business.

One of the marks of the superior entrepreneur is that he or she is always looking into the future and considering the worst possible thing that could happen in every area of the business. This is the mark of the superior leader as well.

I call this "Crisis Anticipation." There are many books and articles on it. What it means is that you are constantly scanning the horizon and asking yourself, "What is the worst possible thing that could happen?" In your sales; with your staff; with your cash; and with your business? And then you think through and decide what you would do if that were to occur.

And finally, once you have determined the worst possible outcome and decided what you would do, you focus all of your energies on making sure that the worst possible thing does not happen, under any circumstances. You become resilient to

the degree to which you have thought through what might happen and prepared yourself against any eventuality

Sometimes, a small setback can seem almost overwhelming if you've allowed yourself to get tired and run down. You become resilient to the degree to which you get lots of rest when you are starting and building your own business. As Vince Lombardi once said, "Fatigue doth make cowards of us all."

You develop resilience by resolving to persist in the face of any difficulties, no matter what happens. Be clear about your goals but be flexible about the means of attaining those goals. If one thing doesn't work, try something else. Be willing to be flexible and adaptable in the face of a changing market.

Remember, as they say in the military, no plans survives first contact with the enemy. No business plan survives first contact with the marketplace. Be willing to chop, change and try something else. Just make a decision in advance, that no matter what happens, you will keep on keeping on.

You have within you, right now, the ability to start and build a successful business. Millions of people have done it in the past, and millions more people will do it in the future. These people are not smarter or better than you are. They have simply learned what they needed to learn and then practiced it, over and over until it became second nature. And so can you. And when you learn how to start and build a successful business within our economic system, your future will be unlimited.

**About the Author:**

Brian Tracy is Chairman and CEO of Brian Tracy International, a company specializing in the training and development of individuals and organizations.

Brian is also a founder of iLearningGlobal, the preeminent online Business Training portal in the world

Brian's goal is to help you achieve your personal and business goals faster and easier than you ever imagined.

Brian Tracy has consulted for more than 1,000 companies and addressed more than 4,000,000 people in 4,000 talks and seminars throughout the US, Canada and 40 other countries worldwide. As a Keynote speaker and seminar leader, he addresses more than 250,000 people each year.

He has studied, researched, written and spoken for 30 years in the fields of economics, history, business, philosophy and psychology. He is the top selling author of over 45 books that have been translated into dozens of languages.

He has written and produced more than 300 audio and video learning programs, including the worldwide, best-selling Psychology of Achievement, which has been translated into more than 20 languages.

He speaks to corporate and public audiences on the subjects of Personal and Professional Development, including the executives and staff of many of America's largest corporations. His exciting talks and seminars on Leadership, Selling, Self-Esteem, Goals, Strategy, Creativity and Success Psychology bring about immediate changes and long-term results.

Prior to founding his company, Brian Tracy International, Brian was the Chief Operating Officer of a \$265 million dollar development company. He has had successful careers in sales and marketing, investments, real estate development and syndication, importation, distribution and management consulting. He has conducted high level consulting assignments with several billion-dollar plus corporations in strategic planning and organizational development.

He has traveled and worked in over 80 countries on six continents, and speaks four languages. Brian is happily married and has four children. He is active in community and national affairs, and is the President of three companies headquartered in Solana Beach, California.

Brian is also the President of Brian Tracy University, a private on-line University for sales and entrepreneurship.

*If you have any questions about Brian Tracy learning programs and services, please email [Support@BrianTracy.com](mailto:Support@BrianTracy.com) or call 1-858-436-7300.*

*Brian Tracy International  
462 Stevens Ave. Suite 202  
Solana Beach, CA 92075  
[www.BrianTracy.com](http://www.BrianTracy.com)*