

# Partner's support key when taking the entrepreneurial leap

When your partner decides to leave a secure job to start a business, there is often a lot of uncertainty whether it is a good choice and how it will affect the relationship.



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One thing is for sure, though: to make it work, to reach entrepreneurial success, you will need to work together, trust each other and most importantly, set financial boundaries.

Ethel Nyembe, Head of Small Enterprise at Standard Bank says, "When you are used to a steady income, the unpredictability in your finances can be really stressful and careful money management is vital in this situation. While your partner may be excited about the future, you are perfectly within your rights to get involved with the financial decision-making. For example, if he/she wants to cash in your savings or increase the mortgage on your home to fund the business, you can and should draw a line in the sand."

In most cases, starting a business from nothing can place quite a burden on your finances. For that reason, you must have some serious discussions about the limits. In most instances, entrepreneurs rely on pension pay-outs to start their businesses, so you will already be on the back foot when it comes to your retirement savings. Or, if your partner intends using equity in the home, you will be acquiring a large debt. Therefore, you need to determine how to balance your desire to support him/her and your need to retain some financial security.

"It could take four to six months to get enough income flowing and even then, it may not cover overheads or operating expenses," says Nyembe. "Any money made in the early stages is used to set up an office and for marketing, so there is a good chance that you will be living off one income, if you have a job. If you are a homemaker, the situation is even more precarious and you may need to think about getting a job to assist with the expenses."

## Confront the realities

It is important that both of you confront the realities of entrepreneurship, which are long working hours, snatched weekend vacations and no cash for the time it takes to reach success. It may be years before you get the promised vacations, extra cash in the bank and more family time.

This is difficult to accept and even the most supportive and loving partner will get tired of broken promises and angry creditors. If you are married, starting a business is a team effort and both partners should consider the following tips:

1. Before a business plan is written, you must have an in-depth discussion about the business. Look at all the pros and cons in detail and do some "worst case scenario" planning.
2. Have at least six months' living expenses in the bank and as little debt as possible. To avoid financial stress, reduce your short-term debt from credit cards and retail accounts. You may need to access this credit later.
3. Set a deadline. You should make the commitment that if after one to three years the business has not made any headway, your partner will go back to working for an established company.
4. "Keep your operating expenses really low," says Ms Nyembe. "Work from a spare bedroom or convert your garage into an office. Avoid committing to the extra expense of a lease or office rent before knowing that you have a viable business. If you can, design a business that can run from home."
5. Keep your personal finances separate from the business activities. If you fail to do this, you will have no way of keeping track of the venture's profitability.
6. Always continue with your retirement savings payments, so that if the wheels fall off your business, your 'golden years' will not be ruined.
7. Realise that a new business means short-term sacrifice for long-term gain. If you are not prepared to make a few sacrifices, the business is unlikely to succeed. Remember that 75% of all businesses fail in their first five years and 96% in the first ten!
8. If the business starts to get positive cash flow, try to resist buying luxuries like expensive cars. You may need that money to employ more staff or buy new equipment.
9. "Both parties should be in the loop on every aspect of the business," says Ms Nyembe. Never keep secrets from your partner, as both of you will need the reassurance that your financial situation is stable. If belt tightening is required, you will need to work together.
10. The success ladder is slippery and you may need a few attempts before you are able to climb all the way to the top.

The journey of starting a business is a challenging one, with the initial excitement and enthusiasm giving way to gut-wrenching effort and sacrifice. In the end however, the rewards can be great and the personal feeling of achievement is worth the financial pinch.