



## Hidden Hazards (ESP p38)

### RUNNING A SHOP - HIDDEN HAZARDS

Jane Gibbons told the story of her own six-month business adventure because she says friends and family have learned all about the pitfalls of the small business from her experience.

"I probably bit off more than I could chew," she admits. "I've always thought people were more important than things, but when I was in the business that was the only thing that was important. I lost my own identity. I thought I was running a business but in the end the business was running me."

Jane, a married woman with older children, attended a Small Business Course. She decided on a luncheon bar as she'd been trained in food technology. She found the place she wanted in Wellington's commercial heartland - a takeaway sandwich bar combined with a lunch cafe next door, and paid a couple who were successful in the restaurant trade to act as consultants.

"I didn't take much notice of the fact that it was really two businesses not one. I know it sounds naive but I didn't see the difficulty of having two different types of trade working side by side", she says now.

Before buying the place, she looked over the accounts. But in hindsight she realised the accounts, which looked good, did not show the restaurant's operation in the final months.

In these few months, an extremely aggressive competitor had opened up down the road. This competitor also sold delicatessen lines, which she dropped from her own operation.

The luncheon bar's day book could not be found, which would have given her an idea of trading trends over a period. Gibbons says the previous owner of the luncheon bar was helpful, but she blames herself

for not asking for the final accounts. This is a pitfall she urges prospective buyers to avoid by a thorough examination of all records. She adds also that it's vital for prospective buyers to talk things over in depth with their accountant before making the big decision about whether to buy.

Once the business was under way, Jane found herself working between 12 and 16 hours a day. The bookwork took hours and she spent the weekends cleaning and tidying up. She found it was a big job getting a good variety of food and presenting it perfectly.

She can now laugh about the effort she put in one morning making two large chocolate cakes, which were flattened by the cake mixer on their way to the cafe in the back of her car; and the night she spent hours in casualty because she'd broken her wrist, and then turned up at work the next day because one of the staff had left.

"My staff was really good, but if one didn't come to work, it meant panic stations. I was absolutely exhausted. My husband was tremendously supportive - that's something you desperately need."

Gibbons says she may have been undercapitalised and had high monthly payments. Though she never had any trouble meeting her commitments she found there was little "cream." Due to unexpected events, like the freezers packing up, she paid out \$1800 for repairs in 6 months - though because she was insured, she recovered most of that.

When she sold the business she found she'd broken even. Jane felt that her prices may have been too low. She did a lot of alterations to the cafe. And she found short weeks, like Easter, meant she had to make an extra profit on normal weeks.

"I guess I achieved some of my objectives, but at great personal cost," said Jane.

When you have finished reading Jane Gibbon's story answer the following questions.

- 1 What was the first step that Jane took to **improve** her business skills?

2 What **discoveries** did she make when she bought her new business?

3 What do you think Jane's **goals** were in starting her own business?

4 Which specific **enterprise skills and qualities** do you think Jane demonstrated?

5 List some of the **mistakes** Jane made at the start when she purchased the lunch bar.

6 List some of the **difficulties** Jane faced during the time she operated her business.

7 Choose two of the difficulties she experienced and state possible **solutions** to these problems.

8 Assuming you were Jane starting over again, what might you do **differently**?

9 What things would you do in the **same** way as Jane did?

**Creativity Extender** (Jean Edwards 2001)

Invent a **realistic** way of frying an egg outdoors, you don't have a fry pan, a barbecue or a gas burner.

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