

LOW RISK, HIGH REWARD

Starting And Growing Your Business With Minimal Risk

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MAIN IDEA

Contrary to popular belief, most entrepreneurs don't welcome risk with open arms.

In particular, low-risk entrepreneurs work hard at turning risk reduction into a science. They do everything they possibly can to anticipate, minimize and offset the risks they take. Sometimes, they will align a number of contingent commitments together in such a way that the risks offset each other. At other times, they will negotiate agreements with third parties to assume part of the risk in return for specified rewards. By following these and other strategies, low-risk entrepreneurs manage risk -- they deal with it rather than ignoring it or attempting to eliminate it altogether.

At the same time, conventional wisdom holds that the greater the risk, the greater the reward.

Low-risk entrepreneurs also turn that idea around to their advantage by starting and building a business that delivers genuine added value to the end customer. They develop great products, inspired by passion. They launch new businesses in the face of obstacles. They concentrate on generating orders, and then reorders for their products. They grow the business despite temporary setbacks and roadblocks. In short, they position their business in such a way that not only do they seek to get a piece of the pie, but they also work hard at making the pie bigger for everyone involved.

In essence, then, entrepreneurs who combine the low-risk approach to risk management with the high-reward benefits of building a business well place themselves in the ultimate business environment and circumstances -- where they can derive high rewards in a low risk situation.

Section 1 -- The Low-Risk Entrepreneurial Mindset Page 2

Entrepreneurs are made rather than born with everything they need to succeed. Low-risk entrepreneurs, in particular, are flexible -- changing course whenever needed -- and opportunistic -- recognizing and pursuing openings other ignore.

The low-risk entrepreneur's mindset has three key elements:

1. The right mix of skills and character attributes.
2. Financial numeracy -- the ability to understand and use numbers effectively.
3. The ability to spot, manage and reduce risk effectively.

Section 2 -- Practical And Essential Start-Up Lessons Page 4

Low-risk entrepreneurs usually seek high rewards by starting new companies that recognize and address viable business opportunities. They have confidence irrespective of a lack of resources or the onset of temporary setbacks.

The key principles to remember with any start-up are:

1. The best new businesses focus on exploiting the commercial potential of just one idea.
2. Low-risk entrepreneurs always find a way to get their new business launched -- the acid test.
3. Once launched, the focus of the entrepreneur turns to growing the business.

Section 3 -- The High Rewards Of Business Builders Page 6

Building a successful business generating rewards that are long-term, consistent and high value is the ultimate objective of an entrepreneur.

To achieve those consistently high rewards, entrepreneurs continue to focus on four main areas:

1. Developing, launching and defending great products.
2. Generating orders for the products you offer.
3. Getting re-orders for everything you offer.
4. Understanding the difference between success and failure -- and how entrepreneurs get to define both.

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