

Financial Finesse Series

Women's Enterprise Centre will be exploring key financial topics which are important to your business in upcoming newsletters. We'll start by discussing some of the common dilemmas women face in ensuring that their business has enough resources to succeed, that profitability is optimized, and that you and your business can achieve your full potential.

Part 1: Valuing yourself and your business

The start of each New Year finds many of us enthusiastically leaping into some sort of resolution process. We vow to shed 20 pounds, exercise more, eat less and get more sleep. Almost without exception, our resolutions are a reflection of how we view ourselves.

For women business owners, these same self-worth themes have a habit of winding their way into many areas of our lives – even into our business, affecting pricing, profitability and sometimes even growth decisions. In addition, women often tend to be intimidated by numbers and money and are put off by having to negotiate and put a value on their services.

Numerous studies and statistics suggest that women-owned enterprises tend to be concentrated at the marginal end of the business sales and profitability scale. One explanation is that this is exactly where their owners prefer to be. Women's definitions of success are complex and financial gain is not always a priority. On the other hand, is there any reason why women can't have it all: the work/life balance, the creativity, the great relationships, *and* the strong financial performance?

When Dawn Woodward opened the spa, Sole to Soul, in Kimberley, she did it to make a living at something that she loved. "I make sure I get to know each and every person who walks through the door. I believe it's the small town feel of my business that makes people come back," says Woodward. "The spa industry is only going to get bigger, but my goal is still to keep my business simple."

Women often get into business because they're good at something and that 'something' is as much a reflection of who they are as the clothes they wear. The business may have started out as a hobby but then became an opportunity to generate income. Moving from a sideline to a business may have been planned, or it may have 'just happened'.

Commitment is the first step in moving your business forward. This requires acknowledging to yourself and others that you are in business to achieve certain goals, which should include meeting sales, profit, market share and customer satisfaction targets.

Diana Alexandre began in a home-based business offering esthetics services. She is now the owner of Sante Skin & Laser, an AVEDA concept salon & spa which is the first cosmetic laser treatment facility in BC's northwest.

"If you want to succeed, be prepared to put in a great deal of time and effort, but most importantly, know what it is that you want to achieve," says Alexander.

It is amazing how many businesses operate day-to-day without a strategy or plan. Take pricing, for example. Pricing decisions have far-reaching implications. Not just for profitability, but for sales volumes and consequently workload.

Consider that by selling your product or service with a considerable mark-up you end up with a profitable business. The old adage: *buy low, sell high* applies. Why, then, do so many women undervalue their product or service and then try to make up for it by running themselves ragged? What are the thoughts and emotions that cause women to end up in this state?

The answer to this question is complex. See if you recognize yourself in any of the following scenarios:

1. Second-place Syndrome

Your business started out as a hobby or special interest. As it's grown, you've continued to maintain the household and other prior responsibilities. Maybe you have a husband or partner with a 'real job' that takes priority over your business, because nobody really takes what you're doing seriously. Your business always seems to come in second in the priority list, so it doesn't get enough care and attention to thrive.

2. What if They Don't Like Me?

Fear of rejection can greatly influence your business, as it is said to drive much of human behaviour. That fear can be particularly salient if your product or service is a reflection of your creativity, talent or taste. You set your prices based on your desire to sell and not your cost of doing business, the requirements of your target market or 'what the market can bear'. Your fear of being rejected or 'not liked' can impede your profitability.

3. I Can't Do That

Women don't always feel comfortable in a rough-and-tumble competitive model of business. They tend to take a more cooperative approach. Nothing wrong with that. Where you get into trouble is in a) undervaluing your own needs or b) over-valuing the wants and needs of potential customers, especially if they aren't really in your target market anyway. The ideal situation for a business is when you are able to offer what you do best and that is exactly what a well-defined customer group wants. That way, you can confidently ask for a price which not only covers your costs, but reflects your value. In order to get to that ideal situation, women often have to overcome the tendency to be overly modest, and stop playing the tapes from our childhood about not blowing our own horn.

4. There's a Lot More than a Sale Riding on This

Sometimes businesses are started out of necessity. Problems arise when financial demands on the business are unrealistic and out of sync with progression. This can happen when a company is put together on a shoestring budget and there is no allowance for unexpected growth expenses.

5. Starting From Scratch

Traditionally, women have gone into business with less business background and connections than their male counterparts. As a result, they often have to negotiate in newly-formed relationships. Because we know that an established customer is our best customer, it can be hard to create those new relationships when your competitor is undercutting and, often, undermining your credibility.

6. What If I'm Over My Head

If you research your market, determine your costs, price right and set a strategy for the future, odds are your business will succeed. The question is: can you handle it? For some women, the idea of becoming the CEO of an enterprise that started in their kitchen is outside their comfort zone.

There are many complicated reasons for undervaluing a product or service. As 2008 unfolds, take a look at your business and think about the scenarios above. Know that many, many women business owners in BC deal with these scenarios. While we can't help you address all of them, we hope that you'll feel more comfortable facing them, knowing that you're not alone.

Throughout this new series of articles, Women's Enterprise Centre will help demystify some of the financial jargon out there, and explain why you should care about it. This will help you face scenerios which may be holding you and your business back, and will instil in you more confidence to speak to your customers, suppliers, accountant and banker about money matters with new language, appreciation and understanding. Call it 'financial finesse'!

Women's Enterprise Centre is the go-to place for BC women business owners for business loans, skills training, business advisory services, resources, publications and referrals. Call us at 1.800.643.7014 or email info@womensenterprise.ca from anywhere in BC.