Experienced high achievers have learned to mitigate risk with thoughtful preparation and planning. Risk is the second characteristic in my new book, *Characteristics of a Successful Entrepreneur*, launching this week on Amazon.

How do entrepreneurs feel about risk? According to notable researchers, only 49% of business owners feel safe about their business endeavors; the remainder worry about the inherent dangers associated with launching and growing a new entity.

Experienced high achievers have learned that mitigating risk through thoughtful preparation and planning can substantially improve the positive prospects of any new enterprise. Still, an entrepreneur must be prepared to face the inevitable varieties of risk:

**Business failure.** Consider the odds of success. Based on research data from hundreds of thousands of startup firms from a dozen different industries, more than half will fail within the first three years of existence. Of those that remain, about one third will make a profit, another third will break even, and the balance will continue to lose money. After ten years, only a handful of companies will be in business. SBA data claims that more than half of all businesses will fail within three years.

**Why do businesses fail?** There are numerous possible causes that can end the dream of a business builder. The most devastating are not enough customers, insufficient revenues, formidable competitors, a shortage of cash, poor execution of a business plan, uncontrolled expenses and minimal gross margins. In short, any combination of these difficulties will adversely affect a company’s ability to generate a sustainable profit.
More trials. The other risks are very personal and perhaps even more painful. A failing business can impact the owner’s personal assets and property. A bankruptcy will damage credit and a person’s reputation. Investors, suppliers and other creditors might litigate to recover assets.

While launching and growing a company, there are other significant risks that impact a founder. Consider the long hours spent at work. Most entrepreneurs will spend twelve-hour days managing the organization with little time off for personal or family activities. Such a commitment can be detrimental on family relationships and even hazardous to physical and mental health.

Can the risks be mitigated? Yes. I watch entrepreneurs who have found ways to lessen the impact in their personal lives and on their families. I should also note that for single adults without family obligations, the severity can be far less. Consider a few mitigating plans for your startup. Until a business builder is ready to purse his or her dream on a full-time basis, I recommend remaining an employee at a current position and working evenings and weekends to build your entrepreneurial plan. As a budding entrepreneur, I used this technique on four different occasions. Another approach is to leave your current assignment and give yourself a finite period of time such as one year to either succeed or to seek new employment.

Why do entrepreneurs proceed? Even with these remarkable risks, people are taking the plunge in record numbers. Those who do so want to lead, and want to be their own boss. They envision wealth and profound fulfillment. They have a vision and a strategy. They want to ignite their bold dream, create jobs and enhance the lives of others. They have a fire in their bellies and they won’t rest until they have accomplished their lofty goals.

My personal story. Nearly 24 years ago, knowing the risks and after consulting with my wife, I began the journey of starting a business. To lessen destructive factors, I had a balanced life plan. I would work no more than ten-hour days. I would enjoy dinner and the evening with the family. I would not work Sundays. As you can appreciate, there were many days when this did not happen.

For emotional and physical well-being, I would try my best to work out, jog, listen to music or enjoy some form of entertainment. To protect and grow the business, we secured a personal loan using our home as collateral to obtain working capital. We were free of credit card and car payment debt. My wife’s modest employment provided adequate health insurance.

I watched expenses carefully. I agonized for days over the purchase of a $200 fax machine. To engage customers and generate revenues, I spent several hours every day contacting potential clients. My goal was to close a sale with everyone I contacted. I sought the wise counsel of mentors who gave timely and valuable advice. They kept me focused on generating cash to survive and prosper.

As the years passed, I continued to manage and overcome barriers, several of which were monumental. I view myself as a survivor. I am still alive and continue to be fully engaged in entrepreneurship. I am still married to the same wonderful woman who supported my obsession. She is also a survivor. During the early years of the business, my take-home pay was a meager $5,000 a year. My wife managed to provide the sustenance of life on an income well below the poverty line. In time, the personal loan was retired and
corporate assets secured subsequent loans. Today I am happy to report that [MarketStar](http://www.forbes.com/sites/alanhall/2012/06/11/starting-a-company-take-the-risk/) is a global business with several thousand employees, working with multiple Fortune 100 accounts.

As a concluding note, I should mention that the wounds from my business battles have healed and I am a much wiser entrepreneurial executive and investor today. The rewards I sought have all been achieved. Was it worth it? Would I do it again? Absolutely!

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