



Starting a Business

- A Guide For Start-Up Nigerian Entrepreneurs

By

Musbahu El Yakub



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Forward

For the continued development of human societies, entrepreneurship is a necessary endeavour. As science continues to make break-through discoveries into the future, the challenges of entrepreneurship will continue to evolve and grow. The era of globalisation is only just beginning. Individuals and groups that are unable to compete at international stages will fall by the roadside.

Africa is lagging behind in industry and commerce. We have the human capital as well as abundant natural resources that we can lever on to gain competitive advantage . Unfortunately, we are not there yet. It is therefore critical that we encourage, support and guide interested and capable young men and women to venture into entrepreneurship. This requires changes in mindset, knowledge build up and skills acquisition.

Musbahu has excellent academic background and has been in banking, manufacturing and entrepreneurship. This e-book is a reflection of the scope of his various and robust experiences. I hope it serves as a guide to aspiring young people. I also hope they are able to turn their aspirations into real life success that helps others by creating more jobs and wealth in our societies.

HRH, Oba Muftau Gbadamosi

Olofa of Offa

Offa

January 2, 2017





1.0 'A Day in an Entrepreneur's Life'

Different people have different reasons for wanting to be in business. May be that is all you ever wanted to do. Or perhaps you have inherited a large sum from a deceased parent. Possibly you have grown up in a family of entrepreneurs and know nothing else. Or may be you are unable to get a paid 9 to 5 job. Possibly also, you have just lost such a job, or are planning to voluntarily leave. Whatever your reason or reasons, for you to stand a reasonable chance of success, you need to be not just comfortable but excited about the prospects of life of entrepreneurship.

A life of entrepreneurship can, at a low level, be very rewarding to us as individuals. At a higher level, it is actually a service to humanity. Think about it, most of what the scientists and engineers develop can hardly, sustainably, be made widely available and affordable if there isn't a commercial model behind them. This is the challenge of entrepreneurship. However, life in business can also be full of heartaches, risks, pitfalls and challenges. It is definitely not the life of the meek-hearted. I will give you a simple and typical day of the entrepreneur.

You woke up at 3.00am to review documents, send e-mails, and think through how to raise the N20 million for additional working capital required by the factory. There is global financial melt-down and raising funds is extremely difficult for you as a small-scale business person. Oh, then there is the children's school fees of N2.6 million to be paid as well. You have less than N100,000.00 on hand and in the bank.

By 7.00am you have taken breakfast and set out to the factory. The operatives desperately need the working capital. You have scheduled series of meetings to attend to after inspecting operations to 11.00am. You return to the factory at 5pm with no commitment from financiers on your financial need. You review the production for the day and set out to close at 8pm.



On your way home, you got a phone call from a prospective client informing you that your contract bid meeting has been slated for 9am the following morning, five hundred kilometres away. Your mind races through the options. The round trip will cost you a minimum of N80,000.00 and you don't have the cash on you. Even if you do, the first flight out of your city the next morning will not take you to the client's before 9.00am.

Having made a decision, you called your wife to set up your travel bag. As your bag is always fifty percent packed for such trips, your wife is able to put the add-ons quite quickly. You got home at about 9.00pm, pick up your bag and set out to drive the five hundred kilometres.

It is the days of insurgency in the region, and the roads are manned every few kilometres by armed security. The normally five hour drive takes you seven, arriving at the client's town by 4am. You check into your hotel, and take a short nap between 6 and 7am.

By 8.30am you are at the client's office and the session starts at 9.30am. Having gone through the process with other competing companies, it was concluded by noon. You lost the multi-million dollar bid.

During the bid session, the factory had sent you an SMS as they are running out of fuel for production. You therefore need to meet with fuel suppliers to arrange some supply on credit. You immediately hit the road on the return journey, arriving back at your city by 6pm, just in time to meet with the fuel suppliers. They decline your request. Production shut-down is eminent the following day unless you are able to secure fuel supply before 10.00am the following morning.

You think this is hypothetical? No. It happened to me.



The points I am trying to bring out to you are:

- Business will demand a lot of consistent effort from you,
- Business will 'stress' you out of your usual 'comfort zones',
- If you have never known what what challenges, setbacks, and even failures are, business will very likely teach you!
- Business will demand for resources that you, alone, do not have, etc..

Simply put, business, especially at the start and mid-way, will 'decide' what you do and when you do it. It is difficult at those stages to 'dictate' your routine. You have to be agile and nimble.

Unless you are comfortable in your skin, and 'failure' is as much an ordinary event as success, you may not be ready for life in entrepreneurship. Unless you can recover quickly and bounce back from failures, you don't stand a good chance. Business is sports, war and life all at the same time.

I am not taking this much space in a book that should be short to discourage you. I am, instead, trying, to sieve out those unprepared, incapable and/or unwilling. If however, you are excited, this should encourage you further:

"Twenty years from now, you will be more disappointed by the things that you didn't do than by the ones you did do, so throw off the bowlines, sail away from safe harbor, catch the trade winds in your sails. Explore, Dream, Discover." - Mark Twain



What do you want to achieve?

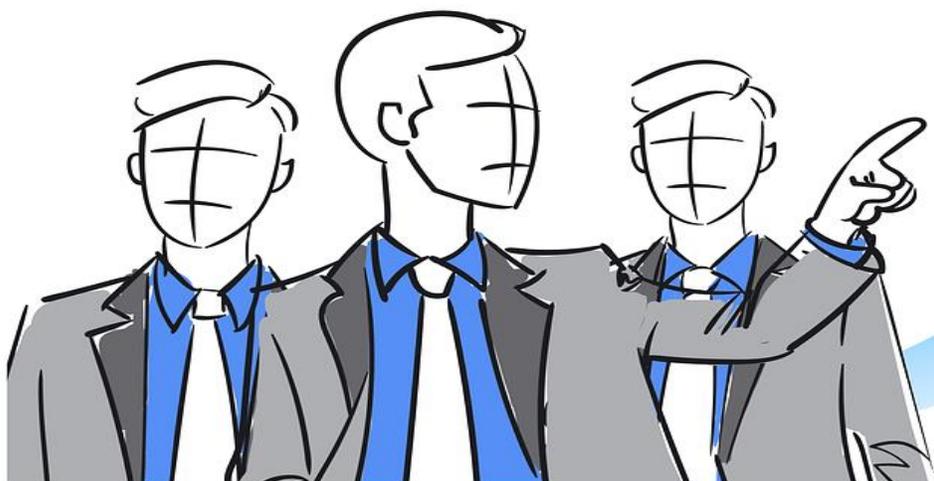
The first critical thing to do before starting a business is to be absolutely clear about why you want to live a life of entrepreneurship. There could be many of perfectly legitimate reasons, such as:

- You want to make money,
- You want to follow a passion you have,
- You want to dominate a market niche,
- You want to 'test' the commercial viability of an idea, product, or service,
- You don't want your family to live in the poverty you lived, etc..

No matter your purpose, it is important to reach deep inside you and ensure that the urge is not just superficial. The point is, to be in business, you should have a compelling reason to keep you interested, committed, determined and focused.

Business Requirements:

As mentioned above, business will demand the most from you physically, mentally and emotionally. Nobody likes to fail, and entrepreneurs in particular are a bunch of people with so much determination to succeed. But failures also come with the territory. The capacity to keep a level head and focus in both successes and failures is an absolute must for the entrepreneur.



START-UP



The requirements for success in entrepreneurship fall under three categories as:

Physical fitness: This refers to all factors that make it easy and possible for the entrepreneur to exert the physical effort necessary to execute their plans and handle issues that confront them on a daily basis. You will be frequently be deprived of sleep; and demands for action at odd hours and at odd and far flung places will be more frequent than you can imagine. Bottom line, you will be on a 24 hour call. You have to be healthy and physically fit to be able to handle the demands of entrepreneurship. The meetings, the travels, visits to current and prospective customers, cash management challenges, etc.. will take their toll. Counter-intuitively, this is actually the least of challenges that will confront you as an entrepreneur.

Intellectual alertness: There will be problems that will stretch your mental capacity. You must be creative in your thinking and approach to solving all sorts of problems. I have argued elsewhere that business is essentially about solving problems in a creative way, that is fair to all those involved, directly and tangentially. Internal operational problems; tough requests from your customers; desire to stay on top of the market; fund raising/cash management; need to stay ahead of the competition, etc.. will all demand the best of your imagination.

Emotional stability: As it is usually masked behind the two factors mentioned above, this is the toughest challenge that confront start-up entrepreneurs unknowingly. It is also the one factor that poses the greatest health risk to the entrepreneur, unless they are able to handle it very well. A certain level of equanimity that does not border on complacency is therefore required in the life of the entrepreneur. This takes



emotional intelligence and stability. Handling relationship issues, failures in delivery and targets, all require emotional balance to resolve amicably and without losing patronage. You have to be able to understand yourself as well as understand others. Most of all, integrity is key to emotional stability and ultimate success in business and life.

In addition to the generalities above, the entrepreneur needs the following to succeed:

Ability to learn and develop, fast: An aspiring entrepreneur must be fast in developing, learning and adopting new concepts and good ideas. Frequently, you have to come up with your own new and novel ideas. Other times, you have to learn from others and adapt their ideas to your situation and circumstances.

Reading books, travels, sharing ideas and experiences with other entrepreneurs are all veritable ways of learning more and building on your repertoire of knowledge and skills. If you are going into any new business areas, you have to learn pretty fast so that you get to know what you should whilst the opportunity still remains available. If you are already in one, you have to keep learning so as to keep ahead of your competition.

Planning and Execution: Even though entrepreneurs 'roam around' so much, each step you take must be objective-driven. Entrepreneurs must therefore be good at making short-term and long-term plans, both geared towards consciously achieving well thought out objectives.



Your daily routines should always be deliberately planned. Similarly, all other activities such as meetings, customer calls, strategy sessions, travels, etc.. must have clear objectives that will further push your enterprise towards achieving its overall goals. But planning is never sufficient. Plans are never useful unless they are executed. Develop your capacity to get things done. The most successful entrepreneurs are masters of execution.

Relationship Management: After a good business proposition, nothing can make or mar the prospects of an entrepreneur's success like their relationship management skills.

Notwithstanding the active daily routines and challenges you face, you must keep it a point to maintain excellent relationship with the people in various circles around you. From your family, to friends, colleagues/co-workers, business partners, associates and your local community, people deserve to be treated with respect and maturity. Get involved in social activities outside your business. Your ability to extract the maximum productivity from others, as well as draw their support will be a manifestation of your relationship management skills. With time, you will also realise that nothing so much opens up frontiers of opportunities for you more than the enduring relationships you have built over time. In addition, you should realise that no endeavour will be worth your while in the long-run if it ruins relationships for you.

Further reading:

<http://melyakub.com/traits-of-entrepreneurs-i/>

<http://melyakub.com/being-the-boss-2/>

<http://melyakub.com/self-management/>



2.0 Business Regulations

Business name registration:

One of the initial errors aspiring entrepreneurs make is to commence a business in their personal names. Depending on whatever business it is, this is hardly ever a good idea. By dint of brilliance, hard work and good old luck, you can get an opportunity for breakthroughs that might fall through simply because you do not have the right legal registrations. Usually the reasons for the failure to make the appropriate registrations is borne out of the desire to save money! This is wrong. As we shall see later, your success will be determined so much to the extent that you are able to plan. Financial requirement estimates have to be made before you start your business. Besides, depending on what business you want to engage in, the cost of registration is usually quite small in relation to other costs combined.

There are several options of registering a business name with the Corporate Affairs Commission ('CAC'). These include a 'business name' or a limited liability (private or public). The option you choose should depend on what your business will be. You can ask a lawyer who will charge you a reasonable amount to search for the availability of your desired business name and subsequently register it for you. The amounts charged by the lawyers can always be negotiated by you. You can also directly search for and register your business name.

Other regulations:

You will also be required to register with Federal Inland Revenue Service ('FIRS') for tax purposes; National Health Insurance Scheme ('NHIS'); National Pension Commission ('PenCom'); Nigerian Social Insurance Trust Fund ('NSITF') etc.. If you are starting business that will involve excavations, effluent chemicals etc., you will also need an Environmental Impact Statement ('EIS') from the Federal Ministry of Environment.



If you will be using radioisotopes and radioactive devices, you will also need to get necessary approvals of the Nigerian Nuclear Regulatory Authority ('NNRA'). Depending on the specifics of your business, other agencies you should be aware of include Bureau for Public Procurement ('BPP'), Financial Reporting Council of Nigeria, Nigerian Export Promotion Council ('NEPC'), Industrial Training Fund ('ITF'), Department of Petroleum Resources ('DPR') etc..

These registrations may also require certain initial and subsequent regular payments, such as payment of monthly contributions for pension; annual tax payments to FIRS and annual returns to CAC. These are quite easy to handle if you diarise and make it a habit of planning for them ahead of due dates. If your business already has an accountant or a legal advisor, whether internal or external, they should be able to monitor and ensure these obligations are discharged timely.

Compliance with regulations is very important for the success of your enterprise and good corporate citizenship. They put you and your company on the right side of the law and can also open opportunities for you available only to duly registered names. Discuss with a lawyer or accountant and you will get good estimates of what the financial implications will likely be to you.

Further reading:

<http://melyakub.com/regulatory-compliance/>



3.0 Which Business?

Ideas Generation:

Deciding which business to be engaged in is the first critical step you will need to take. Theoretically, you are encouraged to be engaged in a business in which you have passion for. This is all well and good, but it must be on the condition that the business idea or proposition is commercially viable. The basis for encouraging start-up entrepreneurs to start a business in which they are passionate about is, rightly, because all businesses require a lot of physical, intellectual and emotional energy from you. You will only be able to provide it if you are passionate in what you are doing. This is partly the reason you see paid employees generally tire before the business owner on any given day. (And this means, you should also plan to engage employees who are passionate and competent in what your business does).

Other than passion, another possible avenue for getting into business is by coming up with a novel idea. Several business are actually a result of novel ideas by brilliant entrepreneurs.

A most common way, even if 'unsexy', of getting into business, is simply by opportunities coming up. You realise these opportunities and you seize them. For instance, my first major business was in IT. It came about when I went to a technical shop to buy memory for my computer upgrade. The shop assistant took me to the rack and there was only one memory left. The assistant told me I was 'lucky' to get it. I enquired





further and learnt that the demand for memories was always through the roofs and their boss wasn't importing enough of it. That was enough for me. I studied the situation and within one week I had borrowed \$22,000.00 from a benefactor and taken a flight to Singapore over the weekend, as I was still employed. Importing and and selling memories became a very lucrative business for me. I didn't 'love' memories before I went into the business. My love for memories, and other computer components, developed because of the money I was making in them!

Matching interests and skills with opportunities:

Another important issue in this regard, is to also ensure that you match your interests and skills with opportunities. I was able to do well in the components business because, partly, my science background made me comfortable with computing and engineering issues. I have worked on mainframe computers of yesteryears and programming. So, I was quite at home with the opportunity. If however, you aren't home with the opportunity that presents itself, then you have to work hard and fast to ensure that you learn as much as y



Whichever way leads you into entrepreneurship, the important thing is to accept the commitment it requires and give your all and more to it.



Feasibility study:

A lot of ideas are quite novel, but not necessarily commercially viable. To commit to a business idea or proposition, you will need to first embark on a feasibility study. A feasibility study seeks to establish the commercial viability of your idea. This is a pre-requisite before you embark on the more detailed and costly business planning.

“Entrepreneurship is all about making life easier for humanity, while money becomes a by-product.” - Auliq-Ice

Further reading:

<http://melyakub.com/testing-business-ideas/>

<http://melyakub.com/generating-business-ideas/>

<http://melyakub.com/creativity-in-business/>

<http://melyakub.com/prioritisation/>

<http://melyakub.com/innovation-in-business/>



4.0 Business Strategy and Planning

Business Planning:

This is the next critical activity that any serious entrepreneur must conduct, after an initial study has indicated a commercial feasibility of their idea. This is an absolute must. Absolute must. Whilst an entrepreneur with resources could commission consultants to conduct such study, it is very important that they are also fully involved in the exercise. No matter the complexity of the idea and project, the entrepreneur should be fully involved in this important exercise. If they can't handle the complexity of the study, they probably shouldn't get into that business. Asking the tough questions and weighing options will go a long way in broadening the horizon of the entrepreneur on issues. This will further help them get an actual feel of what the business challenges are likely to be.

A business plan will comprehensively address all issues on:

- Markets and products
- Production methods and resources
- Supply chain management
- Human capital and office administration
- Financial requirements and sources of funding, and many more

At the end of the exercise, your business plan must have projections of key financials and other indicators in profit and loss statements; balance sheets; cash flow; financial ratios; funding requirement and sourcing thereof. Generating these reports is not an end in itself. You have to understand their meaning and possible consequences.



Funding sources:

For the right or wrong reasons, most start-up entrepreneurs put so much emphasis on funding of their businesses. Whilst funding is critical, the commercial viability of the business proposition can make fund raising quite easy. The ability to create ingenious solutions to raise funding should be an element of every entrepreneur. No matter, there are many sources of funding business ideas.

It is the challenge and responsibility of the entrepreneur to ensure that they raise funding in the most optimum way. As a matter of principle, the entrepreneur should:

- Exercise great caution and responsibility in raising funds from friends and family. Remember that you are the one taking the business risk, not them. Furthermore, you should be careful in ensuring that you do not jeopardise relationships in the quest for raising capital,
- Note that in raising funds from formal sources, you have to be completely forthright in providing facts, figures and opinions. Most competent financiers have the capacity to add non-financial value to your request,
- Not take funds if the total costs associated with that is not reasonably covered by the profitability of the business. It is quite tempting for start-up entrepreneurs to accept these kinds of funding only to regret the consequences later,
- Learn the discipline of bootstrapping, as it is actually an advantage for an entrepreneur to start business with limited funding,

The ultimate responsibility for repayments lies with you. You should therefore be serious and committed to honoring your obligations.



In Nigeria, other than commercial and micro-finance banks, there are also public sources of funding for micro, small and medium enterprises. A list of few such sources is included at the end of this book.

Get a Mentor:

The next important resource a young entrepreneur should have is a mentor. A mentor is usually an experienced and older person who has been reasonably successful in business and life (not necessarily the same the kind of business you want to engage in). A mentor should be a person of good moral standing and reputation, and is desirous of your success. Interestingly, most senior people are quite willing to guide younger people to success. The only thing is that the young entrepreneur should ask for and seek the guidance.

The young entrepreneur should understand the modus operandi of relating with a mentor and stick to the rules. For instance, they should not ask for any financial support from their mentors. In addition, it is preferable that mentors do not invest financially in the business. Check amongst your senior contacts or with your friends and other seniors. You will very likely get a senior you respect who has 'been there, done that'. Establish contact and make it a point to keep the mentor up to date with your success and challenges.

Further reading:

<http://melyakub.com/business-planning/>

<http://melyakub.com/bootstrapping/>

<http://melyakub.com/cost-control/>

<http://melyakub.com/customer-service/>

<http://melyakub.com/relationship-management-for-the-entrepreneur/>

<http://melyakub.com/business-execution-i/>



SUCCESS





6.0 Conclusion

Going into business is a rewarding way of life. It is both interesting and required by human societies. It is also challenging and therefore a decision you must take thoughtfully and seriously. As soon as you decide to be in business, everything goes into high drive. Whilst as an entrepreneur you must be able of taking decisions on your feet and on the go, you must make it a culture to plan everything you do. This starts from your daily routines to your annual strategic reviews.

Other than planning, another key aspect of your life will be commitment to execution. However good your plans are, they remain intentions unless you are able to execute them. Execution for entrepreneurs is what keeps the winners ahead of the rest. Relationship management skills also helps the entrepreneur in keeping their feet firmly to the ground. Stay connected with 'your people', whoever they are and wherever they may be.

I also encourage entrepreneurs to sleep well, watch their diet and be engaged in regular physical exercises. Healthy diets and regular exercise help keep us strong and clear-headed to face our daily challenges. Games of mental exercise also help stimulate our thinking and develop our creative abilities. The games we play as contests against others are both challenging and fun, and they keep our social terminals regularly polished.

“It was Thomas Edison who brought us electricity, not the Sierra Club. It was the Wright brothers who got us off the ground, not the Federal Aviation Administration. It was Henry Ford who ended the isolation of millions of Americans by making the automobile affordable, not Ralph Nader. Those who have helped the poor the most have not been those who have gone around loudly expressing 'compassion' for the poor, but those who found ways to make industry more productive and distribution more efficient, so that the poor of today can afford things that the affluent of yesterday could only dream about.”- Thomas Sowell



Resources and Contacts

Some business regulators in Nigeria:

Bureau of Public Procurement ('BPP')

<http://www.bpp.gov.ng>

Corporate Affairs Commission ('CAC')

<http://new.cac.gov.ng/home/>

Federal Inland Revenue Service ('FIRS')

<http://www.firs.gov.ng>

Federal Ministry of Environment

<http://environment.gov.ng>

Financial Reporting Council of Nigeria

<http://www.financialreportingcouncil.gov.ng>

Industrial Training Fund

<http://itf.gov.ng>

National Health Insurance Commission ('NHIS')

<http://www.nhis.gov.ng>

Nigerian Electricity Regulatory Commission ('NERC')

<http://www.nercng.org>

Nigerian Nuclear Regulatory Authority ('NNRA')

<http://www.nnra.gov.ng>

National Pension Commission ('PenCom')

<http://www.pencom.gov.ng>

Nigeria Social Insurance Trust Fund ('NSITF')

<http://www.nsitf.gov.ng>



Some public funding sources in Nigeria:

Bank of Industry ('BOI')

<http://www.boi.ng>

Bank of Agriculture ('BOA')

<http://www.boanig.com>

Nigerian Export-Import Bank ('NEXIM')

<http://www.neximbank.com.ng>



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