

Title:

Investment Capital - Putting Brand Capital And Human Capital Above Working Capital Or Physical Capital

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425

Summary:

When you start your own business, you commit to investing your time, talent and resources in the business to make it succeed. You authorize a spending plan; you ask the bank, your credit card company, friends, family, employees, to endow the business to follow your business plan and implement your marketing plan. There's more to it. You need to determine where you can differentiate your company from the competition, so where should you invest the most resources? To garner the...

Keywords:

Investment Capital, Brand Capital, Human Capital, Working Capital, Physical Capital, Board of Advisors

Article Body:

When you start your own business, you commit to investing your time, talent and resources in the business to make it succeed. You authorize a spending plan; you ask the bank, your credit card company, friends, family, employees, to endow the business to follow your business plan and implement your marketing plan. There's more to it. You need to determine where you can differentiate your company from the competition, so where should you invest the most resources? To garner the most flexibility, I suggest your investment priorities should be: Brand Capital, then Human Capital, followed by Working Capital with Physical Capital at the bottom of the list.

Brand Capital: Invest the most in your market and marketing to them. Up front this could simply be focusing on a small group of prospects. Do the economics to make them well satisfied customers. So much so, that they provide the testimonials or become the spokespersons for your future sales. Remember, the high value transfer of using relationships.

Human Capital: This is your team and their track record coming on board. Only hire stars, no matter what. Only employ experts in the key roles of your company. For other positions, look for great talent you can mold to your vision, and move around to meet the company's needs.

In addition, build a stellar Board of Advisors or Board of Directors. A Board of

Advisors usually will help you for free, whereas a Board of Directors is paid. The key is to engage thought leaders in your niche who become early adopters of your product or service and advocate for you to their significant networks.

Working Capital: Invest minimally here because there's no added value to the company or the product. Tying up cash instead of using credit may actually slow your time to market. This could be a critical timing mistake if your competition is racing you to market.

Physical Capital: Invest minimally here because bricks and mortar don't sell product. Yes, you need a roof and windows that don't leak (I've worked with many startups in the old mills where workstation layout was based on the leaks and drips.). You don't need to be a miser. And you need the equipment, technologies and conveniences that will make everyone highly productive. Cost-effectiveness should be weighed here too.

Whenever you are investing in your business, recognize that you cannot manage everything, but you can manage the value equation of each investment. Be sure the value to your business is outstanding, so you can win business with every sale.