



Home > Beware the four most common hidden costs of starting a business

GETTING STARTED

## Beware the four most common hidden costs of starting a business

ALAN MANLY - MAY 5, 2022

4 MIN READ



When it comes to starting a business, most entrepreneurs are so focused on the money, they forget that there are other hidden costs to contend with, writes Alan Manly, OAM, CEO of Universal Business School Sydney.

Rising costs, supply chain issues, and wage pressure all culminating in [higher inflation](#), has made starting a new business a more challenging endeavour in the current environment.

Typically, startups with a good business plan give comfort to entrepreneurs and investors; in part because the plan details the objectives, strategies and tactics, along with the anticipated profits and expected costs.

There is however a wide variation in business plans. Some are voluminous demonstrations of thorough research, while some exist as a mere template borrowed from the internet to meet the formalities. Others, it has been found, reside in the mind of the entrepreneur.

History shows that all styles of business plans can prove to be successful.

### The hidden costs of starting a business

However, no matter what style of business plan is being used, they all have one dangerous characteristic: the undocumented costs of starting up a business.

These costs are so named because they are neither in the small print, nor found between the lines. They are truly hidden until time and experience brings them to the fore.

Below are a few of the hidden costs in setting up a business.



#### 1. Time

Keen to get the startup established, the entrepreneur can quickly find that the sense of urgency that took the venture from an idea to a business plan and now an embryonic business, is not shared by others.

Those timelines for tasks in the business plan, often based on some experience and more than a little optimism, now highlight that whilst you may be able to manage *your* time, you are powerless to manage those who have more time than you.

The reality is that even if absolutely nothing is done in any one week to advance the startup, time will

keep moving on! Time, or more precisely *lost* time, costs money.

## 2. Costs

Time is a cousin of costs. Time is expressed as marching on, and graphically expressed as a timeline from the left of the page to the right. Costs don't so much go from left to right on a page, they appear in financial reports where they change colour from an understated black to a worrying red.

Costs are termed to be mounting, and in the extreme, are deemed to form a mountain of debt. These potential mountains of debt start as merely delayed income, resulting in increased debt or investment on the books.

These incidental events, mere speed humps on the road to success, can grow into a small mountain of debt that a small startup can't scale.

## 3. Relationships

Dealing with suppliers as a startup is always a hard task. They are happy for you that you are taking a risk. Whilst they may be happy to deal with you as a person, when you link yourself to a startup, they manage your account and your needs according to the risk that you present.

Your relationship is now strictly based on the old adage: 'Business is business'.

As a startup, you see optimism. As a supplier, they see risk in big red lights. The end result is when a service is to be supplied you will still be served, but last, as you are the least of equals. The cost of this situation is across all KPIs in the business plan.



## 4. Sleep

When the day is done and every opportunity possible has been exploited, the wins are celebrated, the **losses accepted** (as they were to be expected). And the disasters – well, they are deemed to be an investment in your personal education. The next thing to do is sleep.

Entrepreneurs often relive war stories with humour whilst slipping in a few pearls of wisdom. The universal measure for extreme challenges is the number of sleepless nights. The eloquent may deem a few sleepless nights were had. The more flamboyant will declare far too many, and the extroverts may regale with hysterical tales of creditors being delayed, banks being demanding, and a last minute customer saving the day whilst slipping in endless sleepless nights!

The **hidden cost of many sleepless nights** is hidden in a lesser performance by the entrepreneur.

In understanding the hidden costs of starting up a business the 'rule of twice' is one of the most reliable. The base line is to take any assumption in a business plan, apply the time or cost, and make it twice what is expected.

Then remember that nothing worthwhile is achieved without being brave enough to commit. Whether it be personal relationships or going for a driver's licence. If you wish to gain something, it will demand more of you than you thought.

The hidden costs will be forgotten in the super buzz of setting a goal and having achieved it. That excitement may also stop you from getting to sleep.

**Want more? Get our newsletter delivered straight to your inbox!** Follow Kochie's Business Builders on [Facebook](#), [Twitter](#), [Instagram](#), and [LinkedIn](#).

Now read this:



### 5 ways for businesses to clear their ATO tax debts faster

After a pause to allow businesses to survive the pandemic, the Australian Taxation Office has begun calling in tax debts owed by businesses, writes Daniel Riley, CEO of Earlypay. As the economy starts to come out from under the COVID cloud, local and global issues have introduced more challenges for business, including increased supply chain ...  
Continue reading

FS Flying Solo



PREVIOUS ARTICLE

[Is a rigid mindset holding you back from success? How to develop an agile mind](#)

NO NEWER ARTICLES



**Alan Mantly**

Alan Mantly is the founder of Group Colleges Australia and author of the book, "The Unlikely Entrepreneur". To find out more visit [www.alanmantly.com.au](http://www.alanmantly.com.au)











Share This



COMMENTS


More from Flying Solo


Sponsored Financial Content


 <p>How using social media effectively can reinforce your PR campaigns 20 Mar</p>	 <p>Vita Life Stock Report. Tells you if VLS is a Buy or Sell. No Guessing VictorVest</p>
 <p>Four outdated sales styles you definitely need to kick to the curb 05 Apr</p>	 <p>Comprehensive Leadership Programs. For critical career junctures. Harvard Business School</p>
 <p>22 tips for taking control of your finances in 2022 13 Jan</p>	 <p>Grow your cryptos without lifting a finger eToro</p>
 <p>How do you know if your PR campaign is working? 4 ways to measure... 18 Apr</p>	 <p>EXCLUSIVE: Free Report on New ASX Nickel &amp; Copper Opportunities Money Morning</p>
 <p>Everything small business owners need to know about the 2022 budget 30 Mar</p>	 <p>The Big Australian Short of 2022: China Fat Tail Investment Research</p>


oianomi

Trending

- 

Four things you should never say to investors when pitching your business  
[Growth](#)
- 

Reserve Bank of Australia hikes rates by 0.25%, warning more rises to come  
[News](#)
- 

When setbacks get you down, it's time to bounce forward, not back  
[Work inspiration](#)
- 

How to snag new clients and get them to pay upfront without a single conversation  
[Digital marketing](#)




\*Overseas model shown

**NEW VAN RANGE**  
FOR THE DAY AHEAD

[DISCOVER MORE](#)

Listen


FLYING SOLO

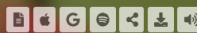


Flying Solo  
How to be more agile in business and life: mindset tips from an expert

whooshkaa

00:00 33:55





How to be more agile in business and life: mindset tips from an expert	33:55
Get back to doing what you love: Avoiding burnout and regaining passion and purpose	20:53
How to do business beyond borders	31:33
How to disrupt your competition, delight your customers and deliver on your promises	27:02
Resilience and compassion, purpose and passion: How to unlock the keys to success	26:01
How to bounce back from burnout: making mindfulness and mental flexibility a priority	27:30
Finding a niche: from side hustle to seven figure business	19:13
How to transform from technophobe to technogeek - your business will thank you!	24:12

SUBSCRIBE TO

## Flying Solo

The very best of Flying Solo straight to your inbox.



Enter your email

Submit →

We'll sometimes send messages from our partners. You can opt-out anytime.



\*Overseas model shown



**NEW  
VAN RANGE**  
FOR THE DAY AHEAD

[DISCOVER MORE](#)

Latest News

