

*“Success in business requires training and discipline and hard work. But if you're not frightened by these things, the opportunities are just as great today as they ever were.”*

**David Rockefeller**  
*US banker (1915 - )*

If you look at the failure rate of start-ups it is surprising anyone would want to start up a new business. Research has revealed that of those new start ups founded in 1992 71% had failed by 2002.

At GBGC we have helped many small businesses grow from little acorns to big trees and we have, on occasion, been frank with our clients and prevented those little acorns from being planted in the first place. We have saved more shirts than we would care to mention!

The key to success is to load the dice in your favour. Learn from the mistakes of those who have gone before you and to move the percentages in your favour.

But you should be under no illusion of the obstacles in your way and what is required for success.

### **Determination**

To succeed in a small business you have to be 100% committed to success, work long hours and practically do everything yourself for the first few years. Attitude is key - if you think you might fail you most certainly will. You have to be entirely positive throughout but also unflinchingly realistic.

### **Endurance**

You are going to suffer considerable pressure on your time and it is important that your close family are prepared to support you. The sacrifice is considerable. You will find yourself working seven days a week with little opportunity for holidays. If you like structure to your life working regular hours with set holidays this is not for you.

### **Risk**

If you are looking for a risk-free investment then the bank deposit is for you. Going into business is a risky venture and you could lose your capital. But unless you are willing to take the plunge in the first place you will never succeed. It's a good idea to have your business model and plan assessed by experts.

All too often GBGC sees start ups wanting to go into the gambling business with a model that is either pari-mutuel or lottery-based because the businessman does not want to take any risk. But whilst this model is less risky than fixed-odds betting it takes the new business into direct

competition with many government-owned monopolies that have vast marketing resources, unequalled brand recognition, liquidity, and huge financial clout.

Consequently, they are unable to match the payouts to customers and the start-up ultimately fails, losing their money in the process.

Business is a risk and so is gambling. If you cannot take those risks you are better off saving your money and working for others.

## Planning

Lester R Bittel said, *“Good plans shape good decisions. That's why good planning helps to make elusive dreams come true”.*

It is essential to put your ideas down on paper and to build a road map that highlights your best route to profitability. Your plan should be realistic using known facts and market data. You need to flag the potential hazards and have a plan B to cover for their eventuality. Your plan needs to include sections on technology to be used by the business, marketing, competitive analysis, human resources, market analysis and finance.

## Timing

Many entrepreneurs shelve their ideas during times of recession. Yet history shows that many businesses were started during recessions and eventually became successful. The reasons are that assets are cheaper, the workforces is more willing to price themselves back into work and there is more a spirit of get up and go.

## Why Businesses Fail

Most businesses fail through lack of finance. The business model may be sound, but just as they need that final push toward success capital runs out. The business plan was probably overly optimistic in the first place and didn't price in the realism of the cost to acquire customers and the expense of running an enterprise.

A lack of industry experience translates into not really knowing who your customer is and what your customer wants. If this applies to you, see it as a priority to buy that expertise.

Unique ideas can be copied by those that have more resource than you; big companies are not bashful in taking other smaller companies ideas and claiming them for themselves.

The daily pressure of family life for the founders of a business such as a divorce, bereavement, the illness of a child can have profound effect on the business as the owner becomes distracted by events beyond their control.

After all the planning and all the hard work the founders in the business lose the motivation, become worn down by events and quit. Yet research shows that others take on these businesses with new gusto and make them a success. Success was available to the original founders had they managed to continue.

Thomas Edison said, *“Many of life’s failures are people who did not realise how close they were to success when they gave up”*.

## Raising Capital

The first question any banker or investor will ask is how much capital are you prepared to invest in this enterprise yourself? The money you are prepared to invest may not have a material effect on the business but if those proceeds represent a high proportion of your net worth then you are demonstrating that you are fully committed to the project.

Most investor presentations fail because the entrepreneur starts with unrealistic assumptions about the business prospect. They over estimate the size of market and how much market share they can realistically capture.

Bankers in particular have access to information unavailable to others; they can benchmark your business plan against other similar businesses in their portfolio. They will know what the operational margins are, return on assets, and competitive threats.

Your business plan has to be realistic and grounded in common sense data and information that can be tested and proven.

Bankers are rightfully concerned about the risk to their capital so deal with this in the business plan. Demonstrate that you have considered the threats to the business and how you intend to deal with them should the eventuality arise.

Bankers like cash flow forecasts, they want to see how the money will be spent and after the loans have been made will track your performance against forecast.

Raising money in today’s climate from banks has never been more difficult. So you may have to go down the investor route. The agreement between the investor and businessman is essential from the outset because it will put in place a process to settle disputes before they occur. Business partnerships like marriages fail not because of the business, because of the people.

## How Global Betting and Gaming Consultants can help you

We consider it a privilege to be involved in helping entrepreneurs start their own business and have developed templates to assist in refining business models and business plans.

GBGC has been in business since 1998 and its founder Warwick Bartlett has more than 40 years' experience in the betting and gambling sector. Mr. Bartlett has also successfully established and operated his own businesses both in the gambling and other sectors.

### 1. Protect Your Idea

If you have developed a new product it is essential to protect the relevant intellectual property (IP)

GBGC can provide details of IP lawyers who can advise on what aspects of your product are eligible for protection

GBGC has also seen a great number of "next big things" over the last 10 years and can give an honest appraisal of your idea – it could save you a lot of time and money!

### 2. Business Plans and Markets Research

Creating a plan for your business with realistic forecasts and market research is a cornerstone to your success. But most regulators will ask for a business plan too when you apply for a licence

GBGC can create a full business and marketing plan for you or validate the assumptions in your existing plan.

GBGC can also provide independent market research and gambling data for your business plan

### 3. Applying for a licence

Wherever you choose to base your business you are going to need a licence to operate.

GBGC is able to assist you with the licence application process. We have contacts with the regulators in the main e-gaming jurisdictions – GBGC is based on the Isle of Man and helped develop the e-gaming regulations in Malta

### 4. Contacts

Meeting the right people could lead to the discussion that enables your business to be a success

GBGC has an extensive contact list of key people in gambling markets across the world. We can arrange meetings than could help develop your business

## Which Jurisdiction?

We are frequently asked where the best location to operate an online business. The reality is that most jurisdictions have upgraded their services to an acceptable standard. However some offer individuals and companies benefits that others do not. Very often the selection comes down to how comfortable the owner of the business actually feels in a certain place.

We have produced this simple 25 point check list so that start ups can assess which jurisdiction best suits their needs.

- ∞ Where is your principle target market? Does the jurisdiction of choice present problems either legal or otherwise in targeting that market?
- ∞ How much does band width cost in the relevant jurisdictions?
- ∞ Cost of premises?
- ∞ Cost of local labour?
- ∞ Experience and quality of local labour market
- ∞ Would imported labour be content in living in the jurisdiction location?
- ∞ What are the gambling tax rates in your chosen jurisdiction?
- ∞ Value Added Taxes payable?
- ∞ Corporation and Income Taxes?
- ∞ Availability of housing and cost?
- ∞ Cost of living and the rate of inflation?
- ∞ Currency and Exchange rate?
- ∞ Banking system. How efficient? Are the banks stable?
- ∞ Travel times, flight availability and cost back to major cities for business and staff returning home?
- ∞ Domestic rates of inflation in the jurisdiction of choice compared to others?
- ∞ Political stability?

- ∞ Law – are contracts able to be enforced and is the judicial system free from bias and corruption?
- ∞ Is there availability of good professional services for accounting and law?
- ∞ Telecommunications. What is the standard and how does it compare internationally. Your jurisdiction of choice may tick all the boxes but if your clients cannot reach you through poor communications it is of little use!
- ∞ Do major freight services operate in this jurisdiction such as Fed Ex, UPS and DHL?
- ∞ Is there continuity in law on the part of government in respect to gambling law?
- ∞ Is the time zone consistent with your target markets?
- ∞ Does your jurisdiction have double taxation agreements in place with major countries where you intend to do business?
- ∞ Are the ancillary services such as hospitals and schools of good standing? What is the crime rate? The general quality of life?
- ∞ Are the local bi-lingual or even tri-lingual. Would you have to import staff from a language perspective to deal with your target markets?

“Always bear in mind that your own resolution to succeed is more important than anyone thing”.

**Abraham Lincoln (1809- 1865)**

## Useful Contacts

### Global Betting and Gaming Consultants

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### REGULATORS:

#### UK Gambling Commission

<http://www.gamblingcommission.gov.uk/>

#### Isle of Man Gambling Supervision Commission

<http://www.gov.im/gambling/>

#### Malta Lotteries and Gaming Authority

<http://www.lga.org.mt/lga/home.aspx>

#### Alderney Gambling Control Commission

<http://www.gamblingcontrol.org/>

#### Gibraltar Regulatory Authority

<http://www.gra.gi/index.php?site=gambling>

### TRADE ASSOCIATIONS:

#### Remote Gambling Association

<http://www.rga.eu.com/>

### TRADE SHOWS:

#### European I-Gaming Expo

<http://www.eigexpo.com/103/424/index.php?>

#### International gaming Expo 2010

<http://www.ige-exhibition.com/104/1300/index.php?>

#### Bullet Business Conferences – iGaming Marketing, Mobile Gambling, Online Bingo

<http://www.bulletbusiness.com>