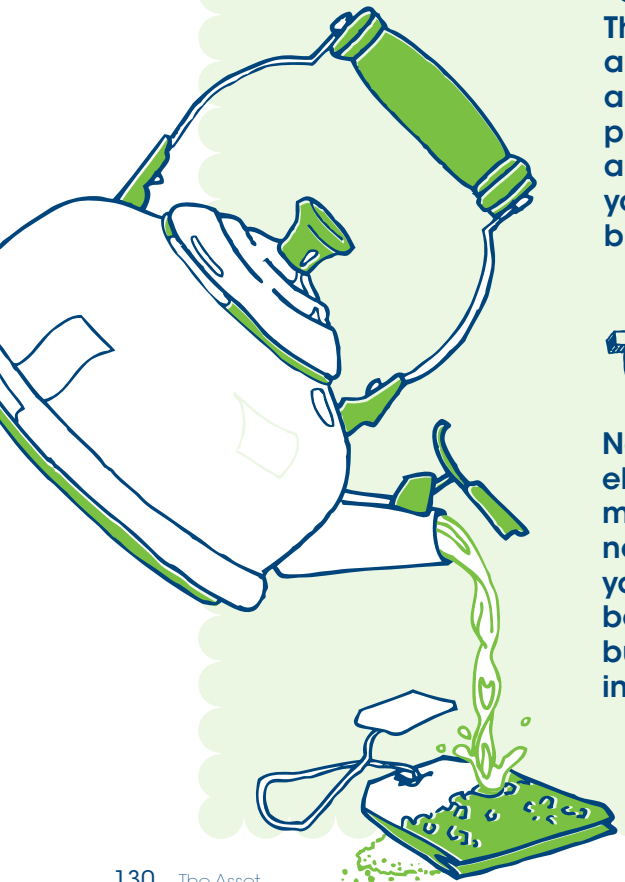


# WHAT IS OUR KEY ASSET?

We're going to start this chapter with an activity, as it will help you understand exactly what I mean by 'asset'.



## ONE

This is a chance to stop and pause for breath. Think about your answers to the previous 8 questions and take a moment to reflect on what you've discovered about your business thus far.

## TWO

Now think about what single element, if taken away, would make the business difficult if not impossible to run. Note, you and your skills cannot be called an asset to your business. I'll explain why later in this chapter.

## THREE

What would you buy first if you suddenly received a small investment for your business and knew the business would have to pay it back? What can you buy, that would virtually guarantee your company's success?



Every startup begins with assets of one kind or another. They may be the resources or contacts founders bring to the business, the ownership or existing lease of a given property, a licence to use a well-known brand name and character, or exceptional product designs owned outright.

Assets are things that you have or that you can acquire, that would make money without costing you time/hours of your life. Something that passively produces income, and something that someone could buy to produce income, are both assets.

Assets are things you own, not skills. Skills are a potential while assets

are concrete, sellable things. Your employees are assets because if you sell the company they go with the business and really it's your contract for their time that you're selling. Databases are intellectual property you can sell.

You can't sell yourself as an asset, because you won't be going with the business if it's sold.

Startups create and acquire assets over time. They get new employees, contracts that provide ongoing revenue, property and cash reserves.

Generally speaking, assets fall into the following categories:

## HUMAN

Expertise, name recognition, credentials, etc.



## PHYSICAL

Location, equipment, inventory, etc.



## INTELLECTUAL

Copyrights, patents, trademarks, rights and licences purchased, etc.



## FINANCIAL

Cash that's available and not invested, contracts guaranteeing future sales, revenues from licensing, etc.

