

“How to learn from the experiences of others and not repeat mistakes?”



A case study from rural Iceland

The Red Dream

We are a family of four, I am the mother and my 3 kids ages 16 - 23. We live in a town of around 7000 people and needless to say, there is not any real coffeehouse in our town. I have always loved coffee shops.

For a couple of years, we had been talking about doing something together as a team, and one of the ideas we liked to play with, was to open up something like a library coffee shop or a place where it would be nice to hang out for mothers and kids or family's or students.

One day I saw a great place downtown, excellent location and I thought this is very suitable for our idea and before I knew - I had hired the place and we started to renovate it. We all worked there in our spare time, for more than a year and I used some of my savings to do this work and then we took some loans. We had a great family time while we were doing this and everybody contributed with their ideas. Only my youngest was still in school but the two older ones had a job while we were preparing this project and open up the place. We even got a nice publicity during our preparation time and got the opportunities to create expectations and excitement among the people in town.

During the preparation time there were several issues which we talked about, like the opening hours, who is going to work there etc. As well as discussing our clientele and how much money we like to make But these were still a “faraway issues” and the project itself was too exciting for us so we just forgot about this.

We shared the idea of what we liked to open up, a place where people would like to chill out and have some good time, serve coffee and homemade cakes, and yes we might have some alcohol and spirits for the evenings but mostly we were busy thinking about the day traffic.

The first year - after we opened up - this was all much fun and interesting, we got great comments and people came in and we were quite busy during the half of the year. The kids loved the place and were pretty proud of what we had accomplished together. But then the reality of business life just started to hit us. How are we really doing? Are the guests actually paying some real money or are they just killing time there?

Most of our guests during the day time were people that were just hanging out - students, young mothers, tourist, and this group was not spending any real money. We need to expand the business

and get some new target group. Keep the place open during the evening, selling wine and liquor and some food, if we are going to make it.

Then things started to changed. We did not have any real budget plan and we ran out of money, we just did not know the real balance of the business. Just that we were not getting enough money.

I didn't pay any real salary for any of us, this was to be only temporary. However, the kids needed more money and they needed some secure income. This was not possible. After a while one of them would go back to school and the other was getting engaged and they planned to move to London. My youngest was having problem in school and I was totally worn out. We found us in a very bad situation.

Then, on top of our personal and private problems, we got hunted on the social media by one person who declared that we owed him a lot of money for prior work during the preparation time while we were opening up the business. He had helped us with the big outdoor marketing billboard and he helped us with the logo, webpages and some other marketing stuff. These allegations from him were wrong - we did not owe him all this money - but his accusations and this negative publicity totally finished the business and ruined my family.

I lost the overview - if I ever had one - and one day the authorities came and sealed the business. Then, all the hell broke loose - lot of suppliers and other people we had worked with, started to call and some people we owed money got really angry and attacked my kids so this was a very dark time for them. This is a town where everybody knows everybody so we didn't have any place to hide - this was all in the open - and the worst things was all the shit that was put into the social media - my kids spend a lot of time there ...

- **Try to understand the commitment - even running a small business is a lot of work**
- **Never involve family members, without making a clear and understandable contract**
- **Know what you are going to do - search the market - and make sure that you might earn enough for running the business**
- **Don't underestimate the power and the culture of small towns, both positive and negative sides**