

TEN MISTAKES TO AVOID

Since one mistake is usually enough to bring down a business, do your best to avoid these ten mistakes.

1. **Start a business with partners and associates with no formal written business agreements** -It doesn't take long for disagreements to develop and the fighting to begin. Why? There are no stated limits of authority, and each person acts for him/herself and not for the benefit of the business.

2. **Failure to have a formal business plan** -Too many people are in a hurry to get started and see things such as planning, research and marketing as unnecessary wastes of time. Success is in the details.

3. **Insufficient financial support** -Many lenders won't loan money if the prospective borrower has a poor credit history. Before going into business, get your personal financial house in order.

4. **Failure to consider competition** -When competition is ignored, a business is usually doomed. By the time a competitor is recognized, it is likely too late. The new business is forced to compete and often resorts to cutting price. This is the worst thing to do. By cutting price, the business must endure competition and do it with a lower margin. Successful businesses know the competition. Make themselves different, and deliver more value.

5. **Use do-it-yourself legal and accounting help** -Why a person is willing to gamble all his or her assets on a business and not spend a few hundred dollars to get competent professional advice is beyond reason. If bankruptcy occurs, the lawyer and accountant will have to be paid anyway. Pay them first. It's cheaper.

6. **No experience** -In every profession, there is an internship that must be served to Succeed. Getting the experience is easy. All you have to do is work for someone who has a similar business. Want to start a bed-and-breakfast? Go work for one for a few months and learn the real-world problems. Working at an establishment is really a paid tuition program that will help ensure Success. While you are working and learning, keep a journal of everything you experience each day and begin building your business plan as a result

7. **Hire the wrong people** -Again, an entrepreneur will gamble the firm on a business idea and give no thought to the type of employees to hire. And worse, often the employees who are hired are not supervised. Remember, customers judge a business by the employees. Customers cost too much to lose even one.

8. **Wrong location** -Everything from visibility to traffic problems must be studied. If phone and the internet are used to secure sales, the buyers must be able to locate the business number and address. People won't spend much time looking. The message: Be easy to find.

9. **Start a business where there is little demand** -Just because an entrepreneur wants to have a business doesn't mean people want to support it. You like to invent gadgets? That doesn't translate into sales. People have to want the product you make.

10. **A dislike of sales.** If you are in business, you are selling something. A person opening a shop and simply sitting at the cash register waiting to ring up the purchases won't work. Customer interaction, service, assistance are all needed. That is sales.

(Taken from the April 7, 1999 Knoxville, TN [News-Sentinel](#) article written by Joe Schmitt, a Knoxville TN SCORE member).