



MasterCard Working™
FOR SMALL BUSINESS

Susan-Says®:

Avoid the Common Mistakes Start-up Businesses Make.

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It has been said that “small opportunities are the beginning of great enterprises.” That is certainly true for the nearly 25 million small business owners in the United States. But the birth of a new enterprise is often fraught with challenges and pitfalls. Each year there are about half a million business start-ups, but during the same time, there are slightly more business failures.

Why do businesses fail? The reasons are varied, but as a new business owner, there are a number of sure-fire mistakes which can prevent you from reaching your business objectives. Here is a list of some of common start-up mistakes.

1. Not having the right stuff. Many individuals look upon the entrepreneur as a type of folk hero. They are smitten by the idea of being their own boss. However, owning your own business is not for everyone. Successful entrepreneurs have a clear vision of what it takes to succeed. Too often people make the mistake of jumping into business ownership without understanding what is required. The result is pure culture shock and a huge disaster

2. Not having a strong support system. A new business venture is going to require 150 percent of your time and attention. You need to surround yourself with people who are going to support you in your new endeavor. Nay-sayers and people who are resentful of your efforts can be the death knell. Discuss your business plans with those who are closest to you and make sure they understand in advance.

3. Not understanding the market and industry. Many entrepreneurs think they have a great product or service to offer, but they fail to do their homework. You can have the best idea in the world, but if no one is interested in buying what you have to sell, then you are out of business before you get started. Researching and understanding your market is imperative. You should be able to quantify the size of the market; articulate who your customer is; know who your competition is; determine how you will price your product; and understand what your marketing strategy will be.

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4. Underestimating Costs. When you start your business you'll need to make financial projections. Initially, you'll have to determine what it is going to cost to get your business up and running. Most start-ups significantly underestimate these costs, no matter how carefully they plan. This can be a fateful problem if you get started with the mindset that you are adequately funded then find yourself underfinanced down the road.

5. Failure to focus on financials. Entrepreneurs know their products or services well. But when it comes to managing their business operations, they often lack the necessary expertise. Many don't bother to, or understand how to, read their financial statements and manage their cash flow. Financial statements paint a clear picture of the health of your business. For example, a high volume of sales doesn't always equate to positive cash flow. But a business owner who doesn't compare the cost of goods sold to sales revenue probably most likely won't comprehend why her business isn't succeeding when she is selling lots of product. In order to grow your business, you must reach a point where your revenue stream supports your business activity.

7. Seeking confirmation not the truth. The last thing you want when you are starting a new business is to surround yourself with a bunch of "yes" people. Entrepreneurs are committed to their vision and they believe strongly they can succeed. Sometimes they are so headstrong they ignore any advice counter to their ideas. You need to be able to listen to and encourage feedback pointing out weaknesses in your business strategy.

8. Failing to have a solid business plan. This may be the most common mistake of all. Too many entrepreneurs jump into business ownership without a solid business plan. As a result they don't have a clear direction of the steps they need to take to reach their goals. You need to set objectives for your business and remain focused on those objectives. There is an old saying: failing to plan is planning to fail. When it comes to business ownership, no truer words were ever spoken.

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