

Eleven Rules for Success

- ❖ **Work smarter, not harder.** It's not how much you do, but what you do and how well you do it. There are better ways to run your business than by brute force.
- ❖ **Strive for accuracy first, then build momentum.** Since you do not have a second chance to make a good impression, it is important that you always do things right the first time. It is much better to introduce an excellent product a little later than planned than it is to impetuously release something that you know has a problem.
- ❖ **Find a niche.** Become an expert in your field. Stick to what you do best.
- ❖ **Build your reputation on integrity, quality and value.** Don't do anything that might compromise it. Once your reputation is tarnished, it is difficult to redeem yourself in the eyes of your customers.
- ❖ **Always better your best.** Constantly strive to improve your products or services.
- ❖ **Be creative.** Adapt and apply innovative techniques from outside your specific field.
- ❖ **Listen and react to your customer's needs.** Success comes when you give your customers what they want. Visit your customers and ask them what you can do to improve your product or service. Sell solutions, not products.
- ❖ **Plan for success.** Know where you are going and how you are going to get there. Too many businesses exist day-to-day without any long-range plans or goals. Decide where you want your company to be in one, three and five years and draw up a plan of action to get you there.
- ❖ **Take advantage of change.** Changes in your market are inevitable – use them to your advantage. Be a leader, not a follower. It is far better to err on the side of daring than to err on the side of inaction or complacency.
- ❖ **Think before you act.** There is nothing so useless as doing efficiently that which should not be done at all.
- ❖ **Always promise a lot ... and then deliver even more.** Try to provide your customers with more than they expect. Go the extra mile to give exceptional quality, exceptional service or exceptional value. Your customers will remember and reward you with their continued business.

Eleven Common Causes of Failure

- ❖ **Choosing a business that isn't very profitable.** Even though you generate lots of activity, the profits never materialize to the extent necessary to sustain an on-going company.
- ❖ **Inadequate cash reserves.** If you don't have enough cash to carry you through the first six months or so before the business starts making money, your prospects for success are not good. Consider both business and personal living expenses when determining how much cash you will need.
- ❖ **Failure to clearly define and understand your market, your customers, and your customers' buying habits.** Who are your customers? You should be able to clearly identify them in one or two sentences. How are you going to reach them? Is your product or service seasonal? What will you do in the off-season? How loyal are your potential customers to their current supplier? Do customers keep coming back or do they just purchase from you one time? Does it take a long time to close a sale or are your customers more driven by impulse buying?
- ❖ **Failure to price your product or service correctly.** You must clearly define your pricing strategy. You can be the cheapest or you can be the best, but if you try to do both, you'll fail.

- ❖ **Failure to adequately anticipate cash flow.** When you are just starting out, suppliers require quick payment for inventory (sometimes even COD). If you sell your products on credit, the time between making the sale and getting paid can be months. This two-way tug at your cash can pull you down if you fail to plan for it.
- ❖ **Failure to anticipate or react to competition, technology, or other changes in the marketplace.** It is dangerous to assume that what you have done in the past will always work. Challenge the factors that led to your success. Do you still do things the same way despite new market demands and changing times? What is your competition doing differently? What new technology is available? Be open to new ideas. Experiment. Those who fail to do this end up becoming pawns to those who do.
- ❖ **Overgeneralization.** Trying to do everything for everyone is a sure road to ruin. Spreading yourself too thin diminishes quality. The market pays excellent rewards for excellent results, average rewards for average results, and below average rewards for below average results.
- ❖ **Overdependence on a single customer.** At first, it looks great. But then you realize you are at their mercy. Whenever you have one customer so big that losing them would mean closing up shop, watch out. Having a large base of small customers is much preferred.
- ❖ **Uncontrolled growth.** Slow and steady wins every time. Dependable, predictable growth is vastly superior to spurts and jumps in volume. It's hard to believe that too much business can destroy you, but the textbooks are full of case studies. Going after all the business you can get drains your cash and actually reduces overall profitability. You may incur significant up-front costs to finance large inventories to meet new customer demand. Don't leverage yourself so far that if the economy stumbles, you'll be unable to pay back your loans. When you go after it all, you usually become less selective about customers and products, both of which drain profits from your company.
- ❖ **Believing you can do everything yourself.** One of the biggest challenges for entrepreneurs is to let go. Let go of the attitude that you must have hands-on control of all aspects of your business. Let go of the belief that only you can make decisions. Concentrate on the most important problems or issues facing your company. Let others help you out. Give your people responsibility and authority.
- ❖ **Putting up with inadequate management.** A common problem faced by successful companies is growing beyond management resources or skills. As the company grows, you may surpass certain individuals' ability to manage and plan. If a change becomes necessary, don't lower your standards just to fill vacant positions or to accommodate someone within your organization. Decide on the skills necessary for the position and insist the individual have them.

Ten Myths About Starting a Business

Myth: Look at the work the way you want it to be, the way you think it ought to be, or the way the media (or your schoolteachers) told you it would be – not the way it really is. Believe people when they tell you your idea is terrific because “everybody needs this.” Don’t be “cynical” because nobody likes cynical people.

Reality: Conduct the necessary research to determine if there is a need for your product or service and at the price you plan to offer.

Myth: Don’t be too aggressive in pursuing your business goals. Allow things like your personal life to take large chunks of your available time, and be so nice to your competitors and your customers that they walk all over you. Being pushy and demanding (especially of yourself) is not normal, and people will think you are crazy or, even worse, “ruthless”. Worry a lot about what other people think about you.

Reality: Most new business ventures take more – not less – time, energy and stamina than any job you may have had. Fortunately, the rewards of business ownership usually are worth the effort.

Myth: Choose a business because of its intellectual content, not because it sounds exciting. You are an educated person and must use that education to be successful, or else you’re a failure. Never mind that many successful people in business never finished high school (or in some cases grade school). Given the choice between an interesting business and a lucrative one, choose the former.

Reality: Find out what it is that ignites your passion. Look at your motivation to start your own business. Is it to make more money? Be your own boss? Turn a hobby into a career?

Myth: Don’t bother learning anything about accounting or financial management. You can hire accountants to do this for you, and success in business doesn’t really depend upon the numbers anyway.

Reality: The more you know about every aspect of business – finance, marketing, management – the better off you will be. As a business owner, you need to keep your fingers on the pulse of your finances. Also, it’s imprudent for someone else to know more about your business than you do. Financial results may highlight areas of your business that require adjustments. For example, suppose one of your products is selling better than others. What does this tell you? Can you make adjustments to your sales strategy to increase sales of other products?

Myth: Go it alone. Because it is your business, you must do everything yourself. Do not bother even getting started in business until you are comfortable you can be your own lawyer, accountant, engineer (or designer), marketing and financial expert. Try to be both a visionary and a detail person.

Reality: Use the guidance of experts. While you must be familiar with all aspects of your business, it’s not realistic that you become an *expert* in multiple disciplines. Use the guidance of experts available in many forms such as the Business Information Center, SCORE, online resources, networking groups and more.

Myth: Give away lots of stock in your business to everyone you know. It doesn't cost anything, and isn't it better than lots of people have a piece of the action?

Reality: What's the point of going into business for yourself if you're going to give it away?

Myth: Tell everybody everything. If you learn something about your business that gives you a competitive advantage, tell the world about it, especially at an industry conference or a "networking" session.

Reality: There's a reason why the formula for Coca-Cola is top secret! Savvy business people know the difference between sharing knowledge for the improvement of a cause or industry and keeping competitive secrets.

Myth: Choose a business that requires skills, money, other resources or a personality that you do not currently have. You can always get these from other people. Besides, isn't that half the fun of small business – doing the impossible?

Reality: Use your strengths and natural talents as a place to start. You'll need to develop new skills as a business owner.

Myth: Confuse your business and your personal lives. Don't bother distinguishing the two because you are simply too busy.

Reality: Both your business and personal lives will suffer without clear boundaries between the two. You need time to play, be with family and friends or simply relax. Likewise, you need to let others know when you're "on the clock" and not able to attend to personal matters.

Myth: Forget what it was that made you want to start a small business in the first place. In the long run, it doesn't matter what success means to you as long as you're successful.

Reality: Your original dream or reasons for starting your own business may be just the thing that sustains you during tough or challenging times. Additionally, a well thought out mission statement will keep you on course and help guide a wide variety of decisions.