

## Avoid the Mistakes that Sink Businesses, Especially Start-Ups

*Look to multiple sources for information to make your business successful.*

The right kind of planning during the earliest stages can make or break a business. Michael Sexton, the President of Trump University, has been singing the praises of Trump University's *Entrepreneurship Mastery Program*. He claims it is the ideal place to learn the skills you need to get it right the first time. I tend to disagree; no one place is the best. To make it as an entrepreneur, you need to access all kinds of information in all sorts of venues. That said, in a recent article, he did illuminate some valid mistakes that kill new businesses fast.

- **Mistake #1: Failing to secure the funding that lets you start your business the right way.** It's scary at best to borrow money. Throwing your lot in with venture capitalists who'll be all over you or bail out at the first sign of trouble isn't the bees knees either. It comes down to this: starting an under-capitalized business is a recipe for failure.
- **Mistake #2: Letting your business plan be an afterthought.** A business plan is much more than a document that you file with a small business loan application. It's a tool to help develop your business idea, letting you analyze and understand how much start-up capital you need. It assists in estimating cash flow and developing a realistic plan for your first years in business.
- **Mistake #3: Letting your marketing be an afterthought.** It should go without saying that the customer must be any company's main consideration from day one. Too many entrepreneurs get so embroiled in developing a product or designing a store that they don't communicate with their potential customers to see what their needs and wants are.
- **Mistake #4: Pairing with the wrong partner.** Taking on partners with "deep pockets" just because you're short of cash is more often than not another recipe for disaster. Even worse, partnering with friends who don't bring much to the table as potential business partners may eventually shake up the stability of your friendships altogether. Unless you and a potential partner possess complementary assets that will make the business run better, you'll be better off on your own.
- **Mistake #5: Overspending before cash flow and profit kick in.** Spending money early for things you don't need right away is a silk-lined trap. Keep spending to a minimum from the start and make it a habit. Don't buy an expensive computer network if you can get started with a few desktop PCs. Don't hire a receptionist if you can start out with a voicemail system. Consider an office share or a virtual office as an option to minimize expenses.
- **Mistake #6: Failing to consider the option of buying a business instead of starting one.** When you buy an existing business, you start out with customers, employees, and expensive equipment already in place. You can look at its books to see how well it is doing. Of course, if you're an entrepreneur, you're passionate about your idea and want to see it succeed. Somewhat the same as an investor, but I'd be surprised to see someone who is passionate about their idea go and buy someone else's.
- **Mistake #7: Going too cheap on your Internet presence.** These days, an inexpensive website can look as good as an expensive one, but a shabby Internet presence can kill your image fast.
- **Mistake #8: Glossing over your areas of ignorance.** Some of us have big ideas but are poor at execution and follow-through. Some of us are great with people but can't do enough accounting to balance our own checkbook. We all have something we're weak at, but remember there's hope. There are companies in the marketplace today who address problems just like those by helping people target their weak areas quickly and efficiently.

Sometimes you can't always acquire the knowledge you need to be successful the first time around. Just don't give up. A wise Jedi master once said, "Do or do not. There is no try." I don't know about you, but I'm still out there punching.

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