

# 9 Common Mistakes Made by New Entrepreneurs

A big part of starting a business is having a plan then having the discipline to act on it. Being part of a startup isn't always glamorous, and often requires simply submitting yourself to the process.

**Comment [Office1]:** Shows one's true capability and tests their independence.

In his book *The Lean Startup*, Eric Ries makes this point better: "I have learned from both my own successes and failures and those of many others that it's the boring stuff that matters the most. Startup success is not a consequence of good genes or being in the right place at the right time. Startup success can be engineered by following the right process, which means it can be learned, which means it can be taught."

**Comment [Office2]:** Can become the best, it doesn't only have to be from chance.

Taking steps to avoid mistakes frequently made by new entrepreneurs is a part of this process. Here are nine mistakes you should avoid when starting a new business:

## 1. Not spending enough money or spending too much money.

As a new entrepreneur, money is likely to be one of your biggest concerns. Pre-launch cash flow is likely to be close to nil, so making and saving money will usually take priority over everything else.

There are two mindsets I tend to see among new entrepreneurs: Either "You have to spend money to make money" or "I'll spend the bare minimum until I have some decent cash flow."

Both of these attitudes, when taken to the extreme, can be harmful. Spend your startup cash wisely, but don't be afraid to invest in good people and quality products. This will bode well for you in the long term.

**Comment [Office3]:** Do not get stingy with money but also do not waste it. Make good investments that will advance the business.

## 2. Thinking you have no direct competitors.

The excitement about a new product or business can often lead new entrepreneurs to think they really have no direct competition, or that their product is so head-and-shoulders above those of their rivals that they're in a category of their own.

In reality, it's extremely rare to have no direct competitors. Unless you've invented a completely new product, there will be someone who already has market share in your niche. Do your due diligence to find out what these companies are and how you can differentiate your business.

**Comment [Office4]:** This is very important to consider because if the business is not different, then there will be no pull factor that would bring consumers in.

## 3. Making hiring decisions based on cost.

This is closely tied to number one, but is so important it deserves to be mentioned separately. When funds are tight, it's tempting to skimp on the cost of new hires. The problem with this strategy, however, is that you'll end up paying in the long run.

Low-cost employees and consultants are usually low-cost for a reason -- they are more likely to be inexperienced, unskilled or unreliable (or all three).

**Comment [Office5]:** It is important to hire the right people the first time around and not just look for the cheapest cost.

#### 4. Not setting attainable goals.

New entrepreneurs can be so enraptured by their “big idea,” they work without a solid plan. But the reality is you *must* set realistic and attainable goals in order to succeed.

Make a point of setting both short- and long-term goals, and make sure they’re specific. Don’t just say, “I want to make \$1 million this year.” Set a reasonable goal, and then determine what specific steps you need to take to reach it.

**Comment [Office6]:** Must have a direction to move forward in. If goals are set, then they should be completed and there should be a plan put in place to complete them.

#### 5. Not thinking about marketing.

“If you build it, they will come.” This is a common belief (sometimes conscious, sometimes not) among new entrepreneurs. They think that their products are so revolutionary that they can just rely on free PR and word of mouth.

In reality, the vast majority of startups will need to invest heavily in marketing. This may include SEO, content marketing, PR and paid advertising. Take a look at where your competitors are spending their marketing dollars, and ask yourself how you can compete and differentiate yourself.

**Comment [Office7]:** Different ways to market the product. It must be marketed somehow so that people will know it is there or else it wouldn’t make much money.

#### 6. Having too small margins.

Having a healthy profit margin will be critical to your success. Setting it too low now will make life infinitely more difficult for you in the future -- your customers likely won’t be thrilled when you need to raise your prices later on.

**Comment [Office8]:** Make the price reasonable for the consumer and for oneself. There needs to be money made so that one can live life with the least stress.

Take a look at your production and operating costs, and determine how much flexibility there is. Can you reduce these costs in the future if necessary? If not, choose a higher profit margin now to accommodate these costs.

#### 7. Thinking you can do it all yourself.

In the beginning, it’s common to think that no one can do the job as well as you can. You know your products inside out, and are the only one who truly has the passion to make the business succeed.

But this is not only a recipe for burnout, it can actually significantly *impede* your success. Having a knowledgeable, experienced consultant or mentor can give you much-needed objective perspective on your business and market.

**Comment [Office9]:** Learn from someone with more experience than oneself. A mentor can be a great guide and companion in the journey.

## 8. Being incapacitated by fear of “what if’s.”

Robert F. Kennedy said, “Only those who dare to fail greatly can ever achieve greatly.” Starting a new business is scary, and isn’t for the faint-hearted. Being scared of failure and rejection is understandable, but letting yourself become incapacitated by this fear can significantly hinder your progress.

Recognizing common fears is a great first step, as it reassures you others have been where you are now.

## 9. Putting your product first and people last.

When creating your product and determining your business model, it’s critical that you have a customer-first mentality. Yet many new entrepreneurs are so concerned about making money (understandably) that they forget the key to having a sustainable business -- having satisfied, loyal customers who will buy over the long term.

It’s not easy being a new entrepreneur, and mistakes will be an inevitable part of the process. But that doesn’t mean you need to repeat everybody else’s!

**Comment [Office10]:** Learn from one’s mistakes. That is the most important think. I need to understand that there will be failures along the way but I must learn from them.

**Comment [Office11]:** Think about what the customer would want and satisfy their needs.