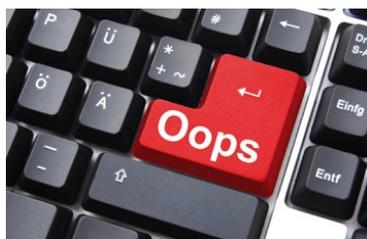




Six business mistakes to avoid

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Every owner is familiar with the failure rates of small business, and according to Australian Bureau of Statistics figures¹ nearly a quarter don't even survive long enough to celebrate their first birthday. If you want your enterprise to avoid ending up as just another statistic, be sure to avoid these six common mistakes.

1. Failing to plan

As the oft-repeated adage goes, "Failing to plan is planning to fail." Put some effort into constructing a comprehensive plan before you launch and make sure to regularly revise it once you are operating in the real world (another oft-repeated adage is "No battle plan ever survives contact with the enemy"). At a bare minimum, your organisation needs to have clearly defined short and long-term goals and a realistic strategy for how those goals are to be met.

2. Splashing out

Almost all entrepreneurs underestimate the cost of running a business in its first year and overestimate the amount of income that will be generated over the same period. So resist the urge to start splurging on fancy office equipment or 'business lunches' just because you've landed one big contract. Work out a budget before launching and stick to it.

3. A refusal to accept the one-man band days are over

It may be possible to do everything yourself while in the planning stages, but unless you possess superhuman energy and expertise it's impossible to take care of everything personally once you launch. At a minimum, get yourself a good accountant and solicitor and don't hesitate to delegate lower-order tasks so you can concentrate on more important activities.

4. Procrastinating about putting systems in place

It's reassuring to take every customer order, sign off on every invoice and do all the rostering, but sooner or later (probably sooner) you'll learn the hard way that you can't do everything yourself nor expect staff to telepathically work out how you would like it done. Ideally, you should have a detailed operations manual from the get-go, but in the likely event you don't you will need to quickly create one outlining procedures you want followed if you want to avoid major problems.

5. Insufficient resources devoted to brand building

We all live in a world that has been transformed by social media. Building a Facebook page and responding to customer queries and comments may not seem like much of a priority in the early days, but that is precisely when you need to be impressing existing and potential clients. If you can afford ads in traditional media, such as papers, radio and TV, that's great. But at a bare minimum you should be using free tools such as LinkedIn, Facebook and Twitter to build a profile.

6. Forgetting to celebrate successes

By creating a business, you've done something most people never manage. If you beat the odds and turn it into a viable proposition, you're part of an even more exclusive club. So when you have a win - doubling profits, receiving a business award, notching up 12 months of operation - make sure to celebrate it.

There's no magical recipe that will guarantee success, but if you can avoid the classic traps for young players you're well on your way to making it past the one-year mark.

Source:

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Do you think debt is essential to major business growth?

- Yes, you have to spend money to make money
- Sometimes, it really depends on the situation
- No, if you need to go into debt then it's not time to grow
- Invest in technology

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