



10  
Business  
Mistakes  
for  
Start-Ups  
to Avoid

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by

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Too many people jump into a business without thinking it through. Success involves analyzing, planning, and implementing strategies for the venture. In this article, you'll find ten mistakes often made by start-ups and tips to prevent the pitfalls.

**1. Not enough research on the business. The idea is not feasible or the owner lacks important information.**

For businesses with a physical location -

- a) Is the area getting sufficient foot traffic?
- b) Are surrounding business owners unified and networking?
- c) Could the business survive in good and bad economic times?
- d) Is the community safe? What are the neighborhood crime statistics?

**2. Miscalculating the size of the market and the owner's potential share. Not knowing the customer.**

Know the competitors in your target market. How have they achieved success? Don't reinvent the wheel - use what works! Determine whether there is a substantial demand for your product or service. According to a [NOLO article](#), find out the demographics of the area and whether your intended product or service will be useful.

**3. Underestimating operating costs and not having enough money.**

Start the business with sufficient capital and reserves. For a brick & mortar establishment, estimate costs for:

- |              |                    |
|--------------|--------------------|
| a) the lease | h) software        |
| b) lighting  | i) staff           |
| c) heating   | j) office supplies |
| d) water     | k) printing        |
| e) insurance | l) marketing       |
| f) equipment | m) other expenses  |
| g) postage   |                    |

If you have an internet business, have you projected annual web hosting, domain, and other service provider costs?



**4. Projecting higher sales, focusing on sales volume, and not enough on the profit margin.**

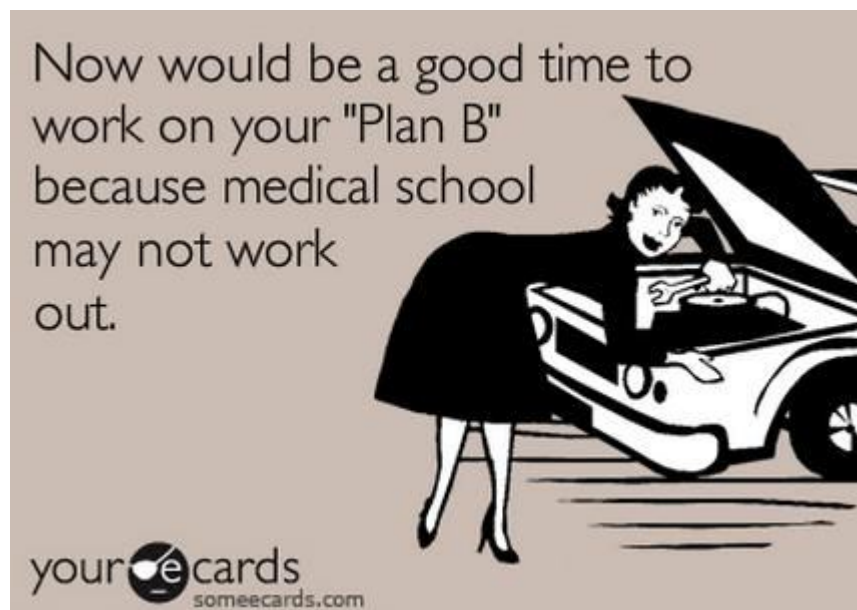
Don't price yourself extremely lower than competitors to attract business. People often have difficulty determining how to set prices for services. It's a popular question on numerous forums. Check industry standards. For other factors to consider and different types of pricing models, here is an article from [About.com](http://About.com).

**5. Spending too much on overhead...facilities and personnel.**

Compare leases before selecting a space. Research national and local salaries before deciding on compensation for staff. Compare costs for service providers.

**6. Not having a Plan B. Always have a contingency plan for unexpected occurrences and an exit strategy.**

Nothing ever stays the same, including the economy. Too many business owners lost thousands of dollars because they expanded & spent excessively over the last ten years and didn't factor in the effects of a possible recession. How will the company survive with fewer customers? What would happen if a partner left, developed a chronic illness or died? What if you or your spouse died? Has a succession plan been written for the business?



(via [someecards.com](http://someecards.com))

**7. Hiring friends or relatives rather than people who have the skills required...lack of support.**

Depending on friends and family could compromise the company. Remember this is your dream not theirs. Are they committed to work the necessary hours, shifts or overtime? Are you hiring them because they will work for less money to help get you started? Are you spending time training them when you should be working on other projects.

**8. Accepting defeat rather than discovering a solution. Good entrepreneurs find a way.**

Every problem can be resolved by analyzing the issues. If you can't figure it out, ask for help from a consultant, another business owner or mentor. Organizations for women & minorities, [incubators](#), local [SBDCs](#), state departments of commerce, and chambers of commerce are also there to lend a hand.

**9. Trying to do too many things at once.**

As the owner, focus on what YOU do best. Don't attempt to do everything. Being the publicity agent, office manager, web designer, inventory manager, bookkeeper, recruiter, and buyer will overstretch & exhaust your energies.

**10. Not having a clear, long-term goal. No sales, marketing or business plan.**

Will your marketing plan produce the sales you need to turn a profit? **SCORE**, a free small business mentoring resource, offers a [start-up template](#) that can keep you on track. Helpful online training from the [Small Business Administration](#) (SBA) on how to write plans are available [here](#).

The SBA is a terrific resource for planning, budgeting, tools, workshops, counseling, and guides to avoid these consequences. Lastly, check out the myriad of videos available at [SBTV.com](#).

You can download the digital version of **10 Business Mistakes for Start-Ups to Avoid** at [visuals4u.com](#).

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