

Mistakes You Must Avoid When Starting a Business

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Launching your own business can be incredibly lucrative, but many beginning entrepreneurs make mistakes when starting a business. Building a business from scratch doesn't leave a lot of room for error. Most of the odds are against you, but they can be overcome.

One way to boost the odds of being successful is to simply avoid making the mistakes that have already been made by other entrepreneurs. You can learn a lot from those that came before you. That's what smart business owners do.

Do everything you can to avoid these 5 common mistakes:

- 1. Not having a good enough reason to start the business in the first place.** Starting a business is challenging, and there are many convenient excuses to pull the plug. You'll want to have a big enough reason "*why*" to overcome your many "*buts*." For example, "I would do _____ BUT I am not sure how."
 - There are many challenges when starting up your company. ***Your vision for your company must be clear and exciting to you.*** This will pull you through the inevitable challenges that pop up along the way.
- 2. Making the assumption that the banks will be happy to lend money to you.** New businesses have a less than stellar rate of success. ***Banks can be reluctant to fund new business ventures.*** Banks are especially stingy with lending practices since the downturn in the economy.
 - Many community banks make it a point to specialize in loaning money to self-employed professionals. If you're a doctor, dentist, or accountant, you might be in luck.

- In the current economic conditions, the only way to reliably get a loan is to put up collateral. Just remember that the bank will take your collateral if you're unable to pay back the loan.
- The only option might be to finance the business through personal savings, credit cards, selling some assets, or taking out a home equity line of credit. ***Only you can decide if self-financing or taking on additional debt makes sense.***

3. Making the assumption that customers will automatically find you and start buying your product or service. In the vast majority of cases, you'll have to market and actively sell what you're offering.

- Most people are already buying what you're offering from someone else.
- You'll have to pull them away and get them to purchase from you instead.

4. Not having a clear exit strategy. You should start with the end in mind. At some point, it might be nice to unload the business and capitalize on what you've built. Businesses aren't easy to sell and only 10 percent that are put up for sale actually get sold.

- Think about your exit strategy before building your business.

5. Not getting support before you get started. Everyone around you will be affected by your quest to make your business successful. ***Ensure you have buy-in from your family and partner before you get started.***

- Vacations might have to be skipped for a while.
- You'll probably have to work late on a regular basis at first.
- Starting a new business might require 80 hours/week or more when you're starting out.

Building your own business and getting it off the ground can be quite challenging. However, the rewards can be incredible.

With some proper planning and foresight, you could earn far more money than you ever dreamed and possibly spend less time working than you would at a conventional job.

But that success isn't easy to achieve. One way to boost the odds is to avoid the common mistakes made by many other entrepreneurs. Avoid these 5 mistakes and you'll give yourself a better chance at living the American dream.