

# AVOID THESE COMMON BUSINESS TRAPS ON THE WAY TO SUCCESS

As offered by The Rivo Consulting Group – [www.rivogroup.com](http://www.rivogroup.com)

While economists continue to debate whether we're truly rising out of the recession or entering into a double-dip, one thing is clear: The employment sector is still in a slump.

The strongest job growth seems to be in the small business sector, which has accounted for 65% (or 9.8 million) of the net new private sector jobs created in the US between 1993 and 2011, according to the Small Business Administration. The small business sector has actually seen a surge in activity: Research from the Kauffman Foundation indicates that the number of American businesses created in 2011 marked a 14-year high, surpassing the number of businesses created during the 1999 and 2000 high-tech boom.

If you're thinking of starting or expanding your own business, and definitely don't want to work for someone else, making THEM rich, now is as good a time as any. Start with a qualified business consultant or advisor, not necessarily an accountant or attorney, but someone versed in business processes. Experts also warn against falling into some of these common traps:

## 1. Don't let the economy get you down.

While many workers view precarious economic conditions as a time to hunker down in their jobs and try to weather the economic storm, others see it as a window of opportunity. Starting a business in a weak economic environment can have several clear benefits: The cost of doing business can decline because suppliers and partners may be more willing to negotiate on pricing and conditions, and the opportunity cost of lost income from a traditional job may be lower. While maybe slow, access to capital is improving. The Small Business Administration's Office of Advocacy reports that in mid-2011 commercial banks started easing lending conditions while levels of venture capital investments increased.

**2. Don't think that an idea equals a plan.** Too often people start businesses with a general notion of what they want to accomplish but lack a solid, well-conceived plan. While a business plan is always important, in a tough economy, it's even more vital to think critically about your product or service, customer acquisition strategy, pricing and promotion plans, and key logistics like inventory management and fulfillment. Venture Capitalist, Private Equity sources and even the SBA will look for a solid, comprehensive and well-developed plan prepared by an experienced executive.

## 3. Don't expose yourself to unnecessary financial stress.

Starting a business can be extremely costly, both in terms of lost income from a full-time job and in terms of capital investments — but it doesn't have to be. Don't quit your day job too soon, seek outside investors in addition to your own personal assets, and consider all operations options for starting your business.

**4. If you build it, they may not come.** Having a great idea and even a great skill and product are very useful in starting a business, but you also need to have a carefully thought-through marketing plan. Customers won't just come to you. You need to think through all of the tactics at your disposal, including seeking qualified marketing and CSR advisors.

## 5. Don't launch without specific goals in mind.

Starting a business can be as simple as turning your hobby into an online store or as complicated as building a capital-intensive new product or service requiring research and development. In any scenario, it's important to map out clear goals for yourself and set up times to reassess your progress. Consider setting targets for product availability, establishments of key partnerships and vendor relationships, sales levels, and profitability levels. You don't want to wait until you're two years into a business to discover that you need to make fundamental shifts in your strategy that could have been identified 18 months earlier. This is where a second set of eyes can be invaluable. Set regular, realistic goals and review periods to learn from your experiences and make changes as needed.

**6. Don't be afraid to fail.** Many of the most successful entrepreneurs failed before they were successful, and most have had significant failures along their paths to success. Henry Ford failed multiple times before finally launching his successful car company. Bill Gates and Paul Allen formed a firm called Traf-O-Data before going on to create Microsoft. Even Ben & Jerry of Ice Cream fame tried their hands at making bagels. Fortunately, more new businesses succeed than fail. According to the Census Bureau, nearly 7 in 10 new small businesses survive at least two years and even longer when properly engaged in a comprehensive advisor and/or planning program. What's most important isn't whether you succeed or fail in your intended milestones, but rather that you learn from your actions along the way so that no mistake takes place in vain.

**7. MOST IMPORTANT - Don't be an island!** Though entrepreneurs tend to be well versed in a wide variety of areas, even the most skilled entrepreneur cannot expect to be an expert in every aspect of business. The most successful people will recognize their limitations and surround themselves with equally passionate and skilled people. The vast majority of Fortune 500 Companies use consultants. Why? Because they provide an enviable service. Qualified consultants will provide objective counsel to principals in areas such as human resources, business process, financial reporting, customer acquisition/retention, employee training, expansions, mergers/acquisitions and even information technology. If you've never thought of using a consultant, your competitors probably haven't thought of it either so just how advanced would you be when you finally call one?

