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The Mistakes People Make

by John Catalano

Decisions. Decisions. Going into business for yourself – and then staying in business – is not an easy task. Obviously it can be very rewarding, but along that path to success every business will encounter pitfalls and problems. What follows are some of the most common problems and missteps I see, along with suggestions for change.

- It is well acknowledged that “lack of capital” is the major reason given for most business failures. But what is the reason for the lack of capital? Primarily, it is caused by lack of planning. “Lack of capital” can be the result of overspending, underselling, ineffective management, or, most often, a combination. The point is that proper planning *and monitoring* of your goals will help to address some of those things. Maintenance, or regular updating or monitoring of your plan (vs. reality), is essential. A plan: 1) force you to think about the possibilities in context with one another and 2) point you in a direction. Your plan need not be a formal document, but it should be written. It also should be flexible; after all, nothing ever stays the same, even your assumptions about the future. Everything is in a state of flux.
- A definition of “trust”: As a business grows, it is often difficult for a business owner to give up the reins to subordinates. After all, they have done everything so far. Even though the boss will give someone the responsibility, he or she often does not pass along the *authority* with it. This creates tension within the individual and conflict among co-workers. Faith in your employees will pay you back in dollars. One of the biggest and most pleasing surprises to a boss is the degree of success and enthusiasm that employees achieve when given full job authority along with the responsibility.
- That leads to another critical element of running a successful business: corporate communication. The more the employees know about the status of a company, the more they will feel a part of it, and the harder they will work. This includes not only financial updating but also planning monitoring of upcoming work, and review of past work. Here’s why: if one can see how his or her specific efforts lead to a \$100 extra margin for the company, and can later benefit from that work,

more of the same will follow. In the financial reporting area, they don't necessarily have to see all the details of the profit and loss statement, but the more they know the more comfortable (and the more effective) they will be in their work. One thing that often surprises most employees is how much money the company *isn't* making.

- Think back to the days when you were working for someone else. Did you ever see anything that could be improved in the company: any little thing that should be done to save the company money? Did your boss ever directly ask you for suggestions? I'm not talking about a suggestion box or work circles; I'm talking about face-to-face conversations. Roam the floor frequently, chat, and you may be surprised to learn how smart your employees really are. Their suggestions are overwhelmingly positive and cost effective.

- The single most important trait that I see in successful people (business owners or not), and I do not see in unsuccessful people, is self-confidence. My admonition is that if you do not believe in yourself, no one else will. If you are an employee, your boss will see that confidence, and if it is manifested properly, you will be on your way up. If you are an owner, people will recognize your belief in your abilities and will also sense any lack of confidence, quite like an animal senses fear in others. It all comes from the inside, so charge ahead! People like winners, not whiners.

Certainly, the most difficult time for a business owner is when sales and profits are down and everyone else seems to be making money. When that time comes again to your company the benefits of communication and involvement you have invested in will come around to benefit you the most.

If you have planned your business well and if you have chosen, trained, and motivated your employees to the best of their abilities, they will stay on that road to success.

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