

November 2015.



ALABAMA A&M UNIVERSITY
COLLEGE OF AGRICULTURAL LIFE AND NATURAL SCIENCES

Small Farms Research Center Factsheet

Common Mistakes First-Time Business Owners Should Avoid

The famous playwright Oscar Wilde summed up the essence of experience when he stated that, "Experience is simply the name we give our mistakes." And it's a given that anyone starting and running a business is going to make mistakes.

New businesses require skills in a wide variety of disciplines: from accounting and strategy, to marketing and legal; from human resources to product/service design. And as businesses grow in people and resources, company founders gain the ability to delegate some of these roles.



But, in the beginning, most CEOs are involved in virtually every aspect of their business. If you're one of them, and you have expertise in, say, one or two areas, the broad range of questions you must answer -- with little or no prior experience to draw on -- burdens those first few years of running a business with challenges. It's no surprise, then, that 80 percent of all business fail in the first 18 months.

For any new entrepreneur competing against these odds, nothing is more critical than shortening the learning curve and getting your business on solid financial footing. Here are six common mistakes first-time business owners should avoid to improve their chances of success:

1. Leave your ego at the door.

Success in business is often nothing more than making a series of good decisions. The catch is that consistently selecting the best choice isn't easy to do. And despite common perception, one of the biggest roadblocks to good results isn't a lack of information or skill, it's a leader's inability to put aside his or her ego.

In short, outstanding leaders are willing to be wrong. They develop the ability to select the best idea, regardless of the source. If you want to be successful in starting a business, invite input and keep an open mind. If you can do that, you're much more likely to do what's right for your business.

2. Don't treat everyone the same.

Learning to manage people is a skill that takes time to acquire; it's not something you're born with. One of the common misconceptions about management is that leaders should have a particular style and require others to conform to it. Nothing could be further from the truth.

Regardless of your business, your employees are your most important asset. As a leader, your job is to get the most out of them, and the best way to do that is to understand them as individuals. So, take time to identify how to motivate each one and become aware of how he or she responds to your input. If you can adapt your style to align with what works best for each individual, you'll dramatically impact his or her performance.

3. Don't hire too quickly.

Big companies have the luxury of significant resources, allowing them to invest in the hiring process. Typically, they put candidates through multiple hiring interviews, as many sometimes as eight or nine. Why spend so much time with a simple hire?

These companies understand that the cost of hiring the wrong person is a significant waste of money and time. Small companies, in contrast, commonly limit interviews to the candidate's prospective manager, and maybe the CEO. Don't fall into that trap.

When you're small, every individual can have a disproportionate impact on your business. How these people fit in with the team, the alignment between their skills and the job's requirements and whether they buy into the company vision are all critical to creating a dynamic and powerful team. So, vet your candidates thoroughly, and if you can hire them as consultants for a few months to "try before you buy," that's even better.

4. Admit your weaknesses.

Even the most talented people have strengths and weaknesses. One of the easiest mistakes a new CEO can make is to ignore those shortcomings. Maybe you were good at math, so you figure you can handle your company's accounting. Or, you took a business-law class while getting your MBA and you think you're somehow qualified to review simple legal agreements. The best executives know what they do well and what they don't. And their key hires and valued consultants provide valuable input in areas in which they lack experience. Don't try to be a superhero.

5. Spend time planning.

Most new businesses start because the founder or team has strong expertise in a specific field. That's a great advantage because it cuts your learning time dramatically. But making the leap from the role of practitioner or product engineer to running the entire company is significant. So, take time to plan. In the immortal words of Benjamin Franklin, "If you fail to plan, you are planning to fail."

6. Consider that alignment, not consensus, is the goal.

Successful teams exhibit numerous behaviors: shared vision, passion for the work and honest communication, to name a few. But many small teams incorrectly assume that everyone's being in agreement is always optimal. What's more, those teams will compromise the best solutions in order to gain consensus.

That may be understandable; but it's the wrong way to run a company. Encouraging robust debate and thoroughly vetting competing viewpoints is the process that usually yields the optimal result. As long as detractors are on board and the team aligns around the plan or vision, differences of opinion, not consensus, should be the goal.

Source: <http://www.entrepreneur.com/article/252775>

Small Farms Research Center, Alabama A&M University
4900 Meridian Street
James I. Dawson Building, Room 219
Normal, AL 35762

Small Farms Research Center Background. The Small Farms Research Center was developed to assist small farmers with limited resources in Alabama's underserved communities. The center was first developed in 2000 to assist minorities, especially women, African Americans and underserved individuals improve their farm management practices, given ones condition and resources. The mission of the Center and the Small Farmers Outreach program is to assist all small and limited resources farms effectively deal with risk management and food safety issues and provide them with informational sessions. The Center has also expanded its outreach efforts to meet the needs of entrepreneurs and businessman. The center is located at Alabama A&M University in the Dawson Building. The center specializes in *following areas*

Marketing and Business Plans	-Record keeping and Loan Application
-Identify alternative enterprises	-Personal Management
-Legal Issues	-Finances
-International Business and Procurement	-Accounting Issues
-Taxes	-Business Development
-Conducting seminars on Government programs and other issues	

For more information about us give us a call at (256) 372-4970 and 1-866-858-4970.

Website: www.aamu.edu/smallfarmers



United States Department of Agriculture

National Institute of Food and Agriculture NIFA

