

Never confuse poor decision making with destiny

By Gerald Irwin
Financial Dynamics Consultants

Business is always a learning process where risks often have to be taken by trusting your judgement. However, there are some mistakes that can be avoided by keeping your eye firmly on the ball.

For example, never neglect to provide a detailed business plan showing your projected outgoings and earnings. You may well have a great idea but this is not a business plan. It could well be the case that some investors may be intrigued by your ideas but they will need hard evidence of their viability.

When dealing with advertising, it is essential to be specific. Know your unique selling points and target your own market rather than attempting to be all things to all people. On the subject of marketing per se many businesses make the mistake of overprinting when it comes to their corporate brochures. It is always wise to remember that they can go out of day quite quickly and will require amendment.

Try avoiding expensive websites and domain names. Why not build your own business website or you may well know somebody with more knowledge to help put together a half decent website. Always remember to use clear text telling your customers or potential customers how you can help and provide what they want.

Never neglect planning and research. These are vital tools that will go a long way to ensuring the viability of your business idea. A frequent cause of failure is not spending enough time finding out whether there is genuine demand for what you sell and remember your pricing strategy must be competitive and viable. It is important not to set your sights too high. Inaccurate forecasting of market size is a common mistake. You will need reliable cash flow and income projections to avoid expensive mistakes such as over-staffing, the purchasing of unnecessary equipment and lavish business premises. Importantly, beware of the dangers of over-trading which happens when you take on more orders than you can comfortably fulfil or indeed that can be supported by working capital and net current assets.

It is always vital to ensure you have good practices in order to avoid tying up your capital as a result of poor stock control and, above all, do not take your eyes off your competitors. Always find ways and means to be more special than they are.