

## Starting A Business? Steer Clear Of These Perils

Great ideas don't necessarily make successful businesses. If the entrepreneurial spirit burns within you and you've got an idea that could leave Microsoft in the dust, you can still fail—unless you guard against these common mistakes of most startup businesses:

- **Lack of management skill.** Running a business is about managing people. Ultimately, you need to enlist others—partners or employees or volunteers—to do the things you can't accomplish on your own. If you don't know how to coach, motivate and get the best from your people, you won't get very far for very long.
- **Not understanding the financials.** Entrepreneurs frequently underestimate how much money they'll burn through before breaking even (let alone making a profit). And they don't know how to read balance sheets and other financial reports. Make sure you understand how much cash you'll need, and where the money is really going, so you can make the right decisions.
- **Insufficient planning.** You can't depend on luck. Before launching a business, learn how to write up a detailed business plan that outlines not just your goals, but critical factors like your market and competitors, likely problems and potential solutions, how many people you'll realistically need to employ, and so forth.
- **The wrong time-frame.** Building a business almost always takes longer than you expect. Don't assume you'll be up and running in six months, no matter how excited and talented you and your partners are. You've got to be committed to the long haul.
- **Overexpansion.** Growth is healthy, but too much growth too quickly is dangerous. Keep a close eye on your capacity to deliver on what you promise. Expanding beyond your ability to stay on top of orders and customer needs will usually create a backlash that few small businesses can recover from.