

# 11 Common Mistakes Small Business Owners Make

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Running a small business requires wearing many hats and being many things to lots of people. When entrepreneurs embark on the journey of creating and growing a business, they are susceptible to making mistakes.

Mistakes are part of the learning process, but when it comes to owning or running a small business, mistakes made at the wrong time could threaten the organization's long-term viability. Because of this, it is essential to identify those things that should never be overlooked or neglected.

## 11 Mistakes Business Owners Make

### 1. Do not have a defined mission, vision, and values statement.

Every organization should spend time clarifying why it exists and what it hopes to accomplish. This is done by spending the time to articulate and write a **mission, vision, and values statement**.

It does not matter if it is the dry cleaner, neighborhood restaurant, or a boutique in the mall. Every organization needs to have an articulated focus that provides a shared direction for decision making and **employee performance**.

### 2. Fail to plan.

Strategy and planning are critical to the success of any organization. Whether large or small, every business needs a plan. This involves taking time at least once a year to review **strategy and goals** and make sure the organization moves in the direction initially intended. There is an old saying, "if you fail to plan, you plan to fail..." There is a lot of truth in that statement!

### 3. Do not write goals.

Goals are how plans are achieved, and if goals are not developed, written down with assigned accountability, they will be difficult to accomplish. **Business goals** should be written as part of the overall organizational strategy, and each goal should have someone assigned to them with very specific timeline expectations.

### 4. Do not create an operating budget.

I am always surprised at the number of organizations that generate millions of dollars that do not take the time to develop and manage by a budget. **Budgeting** is something that should be done once a year and used to fund the plan and goals. Organizations that do not budget can be successful.

However, the budgeting process determines how resources are managed and help to achieve targeted growth because budget dollars are allocated to only those things that improve and grow the business.

## 5. Do not hold people accountable.

When goals are written, it is essential to assign responsibility for completing them. When organizations do not hold people accountable for completing goals and performing basic job responsibilities, they are mismanaging the organization's resources.

When employees are on the payroll and are not held accountable for their job responsibilities, they are, in essence, taking money out of the organizational coffer without providing value in return.

**Managing employee performance** is critical to the success of all organizations – and employee **job descriptions** and goals are the first steps in that process.

## 6. Do not anticipate market changes.

The last couple of years has been a hard lesson for many organizations. Things can change quickly, and the market can shift seemingly overnight. It is essential to keep an eye on changing trends in things like technology, customer requirements, or financial viability.

It is easy to get distracted with the day-to-day job tasks and lose sight of rapid market change. Make sure you keep a pulse on your industry and try to see what new trends are on the horizon. Talk to your customers and learn from them.

## 7. Do not take the time to understand customer requirements.

Customers pay the bills, so organizations need to figure out what the **customer** wants and put systems and processes in place to meet their needs. One way to better understand what the customer wants is to survey them. There are lots of survey software available.

All too often, organizations build products and services based on what they “think” the customer wants. Talk to customers, survey them, and continuously try to learn about changing expectations. This is an essential step in growing a solid customer base.

## 8. Do not consider employees to be their most important customer group.

Employees are among the most important customer groups because they are the organization's hands and feet. And, when businesses do not put employee-friendly policies and processes in place, they are risking alienating those individuals that interact with their customers.

When employees are given clear job expectations, the tools, and **training** to do their job and are rewarded for performing well, they are more likely to be happy at work, which directly affects the **customer experience**. Every organization should work to improve **employee engagement** and create environments that employees can thrive in and enjoy.

## 9. Do not communicate with employees and customers.

Communication, or lack thereof, is a universal problem in most organizations. There can never be too much communication, and successful organizations have structured processes to **manage communication** with both employees and customers. Creating transparent organizations that continually share information results in **customer loyalty** as well as an environment that employees enjoy working in.

## 10. Do not continuously look for ways to improve.

Continuous improvement is how organizations develop and enhance products and services. The process by which those products and services are delivered should always be reviewed to identify improvement opportunities. Whether it is a process to manufacture a product or a process of delivering a service to the customer, looking for ways to continuously improve is important. (**FOCUS PDCA** is a great model to use for continuous improvement.)

## 11. Do not celebrate successes.

Many organizations get so bogged down with the daily grind that they forget to stop and acknowledge how far they have come. Celebrating successes not only recognizes progress but also encourages employees and improves engagement. Running and growing a small business is a challenging endeavor.

However, organizations that strive to create systems and processes that routinely look at how the organization is performing, identify ways to improve how things are done while planning to improve the employee and customer experience will ultimately grow and improve the bottom line