



CRITICAL MISTAKES

Business Owners Make That Slow Growth, Bog Them Down, And Kill Their Chances For Personal Happiness And True Financial Success...

...And How To Avoid Them!



THE ALTERNATIVE BOARD

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MISTAKE #1:

Not Knowing Who to Talk to When They Need Advice... and Then Hiring the Wrong Consultant with the Wrong Advice

It can be lonely at the top...

Every business faces challenges that are beyond the current scope of the owners' expertise. Many businesses go under because they can't solve these challenges.

Do you hire an expensive consultant... or try to noodle it out on your own?

Employees will tell you what you want to hear... or what they think you want to hear.

"Yes, Dear"

A spouse may not want to say anything more than "Yes, Dear" simply because they don't really have an answer... and when they do, it would really be only a guess or an opinion based on what they've heard you say in the past.

And your friends might give you "well intentioned" but completely wrong advice!

As a business owner, you could go back to school (in your spare time) to get advice. But too often, you'd be hearing an academician speaking in general terms to a class.

Some business owners will seek out a consultant. But hiring a consultant is not always the solution. Because when you hire a consultant, you may be right (or lucky) and get the right consultant right out of the gate. But you could be wrong.

All Your Eggs in One Basket!

This is a lot like hiring a new employee. You never really know what you're getting until you've invested time and money. After about 30 days you look at the new employee...and their bad habits, shortcomings, and unfulfilled promises of performance... and you think that the person you hired gave you someone else's resume. A consultant is no different.

And, because a consultant is expensive, you've usually put a lot of eggs in that one basket.



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Have you ever had the experience of struggling with a problem only to have “the perfect answer” appear and that actually solved a problem you’ve labored with in an instant? It doesn’t happen often, but when it does, we usually scratch our head and think, “How can I get this to happen more often?”

One source of solutions to your challenges is other business owners. If you surround yourself with other business owners and use them as a confidential resource of experience and ideas, your odds of finding those elusive answers becomes increases greatly.

CONCLUSION: Sometimes, relatively simple solutions for complex problems are “out there.” But it’s not always easy to tap into those seemingly simple answers. By engaging with other business owners as advisors, rather than consultants, you can dramatically increase your chances of coming up with more that your fair share of breakthroughs.



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MISTAKE #2:

Not Having a Vision for Their Business... or for Themselves

Surveys suggest that fewer than 3 out of 10 small businesses (and business owners) have a “vision.”

And the consequences of not having a vision can be a disaster and subject the owner to a life that becomes far more demanding and much less rewarding than that job they gave up to start their business!

“Vision, yeah I got a vision... me rich!”

I would suggest that many owners think they have a vision, but don't.

To be useful, a vision must be specific and include a timeline. Anything less falls more into the category of a “wish” or “dream.”

If an owner has a realistic, modestly detailed vision, it helps them to put together a realistic plan to get to that vision whatever that vision is.

A Story

Let's take the case of a million-dollar, local company.

They have a ten-year vision that says, “We are going to be a \$15 million company, and we are going to be a national company.”

Because they know where they want to go, the process of putting a plan together to take them there in ten years becomes a lot clearer. The owner can decide approximately how big their organization will have to be to do that volume of business.

Once that number is established, it is relatively simple (but not always easy) to back into the logical steps along the way — in terms of revenues, people and facilities — that are necessary to get them there.

Hand in Glove?

But trouble is brewing if that business vision doesn't coincide with the business owner's



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personal vision!

If your personal vision is to be financially solvent in five years... to have no personal assets secured in the business... no debt... be able to work two or three days a week, then growing from a local business to a national business in ten years may not coincide with your personal vision.

Building a business at that rate frequently requires debt to fund growth. It's not something that risk-adverse business owners always feel comfortable with.

But Strategic Planning Doesn't Always Work!

I recently saw a situation where a strategic planning firm put together a plan for a privately-owned business. It was a ten-year plan.

It took the company from a \$2 million to \$50 million in ten years. It included moving from three locations to ten. It projected the owner would go from earning \$150,000 a year to a \$1 million a year. It was a great strategic plan — a great piece of work. But the consulting firm never sat down with the business owner. Or, if they did, they didn't listen well.

When it came time for the business owner to go out and get loans to fuel the growth, she said, "I am not doing that. I don't want that kind of debt."

The consultant's y said, "What do you mean? We put this great plan together. That's what needs to be done to get to the goals of the strategic plan. It'll work."

She said, "Well, you never asked me...I am perfectly happy earning my \$150,000 a year. As a matter of fact, I'd prefer to reduce my debt. I don't want to increase it."

So then that plan (although expensive to prepare and a very viable plan) was worthless, because the business plan didn't coincide with the owner's vision.

CONCLUSION: Building a business can be difficult. Business owners are often consumed by the detail of day-to-day operations and don't focus on their personal goals of why they got in business in the first place. Owners need both a personal vision, that is supported by the business, and a business vision. Without both being linked together, the owner will likely be unhappy or the business will struggle, at best.



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MISTAKE #3: Failing to Hold Themselves Accountable to Anyone but Themselves...

“Don’t Confuse Me with the Facts!”

Business owners labor from one built-in handicap that is difficult to avoid:
accountability!

As the owner of your own business, you really aren’t accountable to anybody...

...your business lives or dies based on your skill. But day-by-day... it’s your kingdom!
You’re the boss.

As a result, even if you are well disciplined, focused and relentless... you may not be getting the feedback you need to make mid-course corrections that can lead you to more profitable growth and a more satisfying personal life.

You want somebody helping you identify something that is going to be good for your business. If you don’t have that, you may not follow through with it... and your best course of action could end up buried in a stack of paper on your desk.

“I’m Too Busy!”

Have you ever gone to a seminar, and heard something so profound you knew it could have an immediate and positive impact on your business?

And remarkably, you know it could just take you a few minutes each day, consistently over a few months and your business could move to the next level?

You say to yourself, “This is really good. I am going to start this tomorrow...” and drop your plan on the top of your in-basket.

Within about three hours, you have about two inches of paper on top of that profound revelation.

By the next day, you might have four inches of paper on top of it.

By the day after that it has lost its value... consumed in the blizzard of other activities.



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Now forgotten.

As a result, you never do anything with it.

Developing a system that holds you accountable... one that prevents your best ideas from going to the bottom of the stack... is key to helping you make big strides that are important to your short-term goals and your long-term mission.

CONCLUSION: When you are the master of your kingdom, it becomes easy to make small allowances for not getting something done on time or taking a difficult action. When you have somebody to be accountable to, your timeliness improves... and your spine strengthens... But it's hard to do when you're the boss.



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MISTAKE #4: **Failing to See Delegation as the First Law of Successful Leadership**

“Work your fingers to the bone, what do you get? Boney fingers!”

--Hoyt Axton

Any successful business takes a generous dose of hard work in order to succeed...

And any owner who has started a business knows that that hard work can mean anything from closing the sale and negotiating a real estate deal to sweeping the floor and buying donuts for the big meeting.

For a time, it is okay for the owner to do all of that... and it's often necessary...

But, as the business grows, it doesn't take long to realize that every new activity that comes along creates another item for you to put on your to do list.

Look, up in the Sky, it's a Bird, it's a Plane, it's...

And unless you have a red “S” on your chest and are wearing a blue leotard under your clothes, you probably won't get all those items done... If *you* have to do them yourself!

And delegating is not just about your personal workload being stretched, pushed, and pulled...

When an owner doesn't delegate well, their employees lose trust in the owner's ability to lead and manage.

Employees react to this lack of faith from the owner by doing just what the owner asks of them: No more, no less.

I often hear owners wonder aloud why an employee doesn't work as hard as they themselves do.

They simply don't realize that by not being trusted, their employees actually feel alienated. They haven't done anything to make that employee feel like they should actually “own” what they are expected or asked to do, just as if it were their business.



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Perfect?

The owner frequently feels, “Nobody can do it as well as I can.”

And that may be true (although usually not). The “it” is a 150-item to-do list and it just won’t make the progress you need to make to successfully operate and grow your business, unless you do it yourself.

Well, everybody has certain things that they like to do... and things that they are good at.

The key for the business owner is concentrating on doing the things that they really do well... and enjoy doing... then delegate all those other things to people that are good at and that they like to do.

For instance, an owner may be very good at marketing, but not very good with numbers. Yet, owners will sit there and try to prepare, compare, analyze, and interpret their own numbers. Well, that’s the wrong thing to do, because that’s not their expertise.

What works better is to delegate that activity to someone, and then oversee it. It doesn’t mean you wash their hands of it. It simply means you let somebody else perform most of the tasks.

When business owner delegate what they are personally not good at doing to others with stronger skills... and when they surround themselves with strong people... they are going to have a much stronger organization.

Black Magic?

One of the most popular misconceptions we see among business owners is that the process of delegating effectively and keeping employees happy is “Black Magic” — a real mystery to them that they can’t come to grips with.

Nothing could be farther from the truth. This topic is one of the most frequently researched management topics in the world. There is a vast amount information available that can help you solve just about any delegation problem you have.

But there is a problem... because every situation is different... and to craft the right approach requires a set of principles... combined with a sustained encouragement and accountability to make it work.



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CONCLUSION: Delegation is the essential skill that frees you up to grow your business effectively. Do everything else right but this one thing and your business may never be much more than a job.



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MISTAKE #5:

Failing to Allocate Time for Themselves and to Have a Life Beyond Their Business

Starting a business is all consuming.

Keeping it going and growing can be equally taxing.

Too often we see business owners who have built a well-run business... but they are imprisoned by it!

They can't take the time to enjoy their spouse, family, favorite hobby... it's *all* business *all* the time.

It's a very hollow victory to build a business and wind up with a lower quality of life, because you're saddled with the gnawing stress of the business.

Your Answers to 5 Questions Tell it All!

If you want to know if you're setting yourself up for this kind of thing, here are a few questions:

How many hours a day do I spend with my spouse?

How many hours a day do I spend with my kids?

When is the last time I took a real vacation?

When is the last time I took a day off?

What kind of hobbies do I have?

“But I Love My Business!”

In some instances, owners will say, “I don't have any hobbies. My business is my hobby.” There are people like that. That's fine. Then there are other people. Their kids grow up and they miss the whole thing... because they are always working. There are ways to balance personal life and business.

But finding balance is not something that will happen naturally in the running of the



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business... because the pull of business is always there to sell more, deliver more, ship more, improve the profits... it never ends.

When you have a proper plan and structure in place, you can successfully carve out time for yourself... time that helps you renew and regenerate your enthusiasm for your business.

The other interesting thing that owners who do this find balance, find they develop new insights into their business that enable them to grow sales or solve that difficult manufacturing problem. It happens when they take the time to disengage.

Conversely, if you show up at your business every day and say, "How can I do more, because I am not doing enough," you're programming yourself for a crash: mentally...physically... emotionally... or all three.

You and Nobody Else but You...

The attitude, "I have to do everything, because nobody does it as well as I do. This is my business. Nobody is going to treat it like I treat it" is an early warning sign that you could be headed down a dangerous and shaky path.

That attitude keeps you working 18 hours a day. You may not be doing that now, and it might be working for you. But that attitude puts you squarely on a trajectory for complications.

After all, as your business matures... and if you've done it correctly... don't you think you should be able to spend more time away from your business?

CONCLUSION: Too many business owners work long hours and sacrifice time with recreation, family and friends. It takes an expensive toll and reduces the enjoyment of your business success. In addition, if the business relies heavily on the owner being there all the time, it directly jeopardizes the value of the business.



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MISTAKE #6:

Not Having a Succession Plan or an Exit Strategy... and Not Knowing the Difference Between the Two

Succession plans and exit strategies are distinctly different...

Unfortunately, too many business owners lump them together... and tragically don't develop a real plan for either.

Look Both Ways Before Crossing

If a truck hits you and can't come in to work for six months, is there someone there that can perpetuate the business in your absence so you still have a business when you do come back? That's a succession plan.

The exit strategy asks a few questions:

How am I going to get out of this business?

Do I want to get out of this business?

What am I going to be doing, or want to do, ten years from now?

Whether it is selling the business, turning it over to a family member, or staying in the business until you drop dead at your desk... you want to have a plan.

Because, even if it is "drop dead at your desk," when that happens you probably want the value you've built in your business to transfer to your spouse, children, charity, or employees. Don't you?

And without a specific plan — and we see this frequently — lawyers, accountants, courts, and apathy consume all the value in the business... and leave surviving family members and employees in turmoil. This is probably not how you want to be remembered.



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Junior, One Day All This Will Be Yours!

One of the most common disconnects in family businesses is this: Mom and Dad think they have a succession strategy, because, after all, Junior is going to run the business.

Well, more often than not, after years of lip service, Junior decides he doesn't want to run the business.

An even more difficult scenario is that Junior is going to take it over... that's already agreed on.

And even though Junior wants to do that with all his heart, he's not ready right now. He doesn't quite yet have the management skills and the experience to successfully run the business.

Very few businesses have a plan if something happens to Senior and Senior can't come into work for a period of time. Who is going to run the business while Senior is out, if Junior isn't ready yet?

My Business and I are One!

One of the reasons that people find themselves in this pickle is that is that when they are involved in their business, they can't ever see themselves not being in their business. And emotionally, they can't stand facing reality... and looking ahead to a time when they would not be involved in their business.

Number one, they don't think about it. Number two, maybe they are 45 years old, and they say, "You know, I am not going to retire for another 15 years or maybe 20 years." However they rationalize it, they make up their minds not to think about it.

CONCLUSION: Ever business owner will exit their business some way and it will need to be led by a competent successor. Not having a plan is too big of a risk to take, and unnecessary.



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MISTAKE #7:

Thinking That Because They Are Good at Some Skill or Trade That They're Automatically Qualified to Run a Business

You were outstanding at your job... smarter than the boss... and had the drive to build your own business.

Unfortunately, many business owners create a job for themselves rather than building a real business.

The technology industry provides a good example...

A bright entrepreneur is very good with computers. They start a business by doing computer consulting. But they don't know how to market. They don't know how to sell. They know nothing about financing. But boy can they can fix computers, install networks, and integrate software... better than most.

And so, typically, they don't run their business very well, because they really don't know how.

An Illusion of Success

Business goes well... grows... and then they need to hire more people, get expansion capital, protect themselves against frivolous lawsuits... and they hit their first snag.

Sadly, any one of those snags... and a few dozen more... if not handled properly, can cost them their business... the one they worked so hard to build.

The most frequent challenge is a lack of emphasis, or know-how, on marketing.

The business owner will get a few clients, and then get so wrapped up in the delivery of their services or products that they forget, or chose not to market and sell.

Those first few clients that started with them in the beginning provided a steady stream of revenue. But business conditions change... and the revenue dries up almost overnight.



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CONCLUSION: Running a business is a skill... separate from everything you think you know about your business. Many talented people fail to achieve success in business because they don't realize the importance of this skill.



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IN SUMMARY:

Most businesses have experienced many or all of these mistakes, and unfortunately, there are more than 7 fatal mistakes business owners can make!

Many of them are result of *going at it alone*. It doesn't have to be that way.

Owners need to find the time to work on their business in a proactive manner and to lean on others that have complementary experience. They should have a personal vision for themselves and ensure that the business can support that vision.

It's also critical that business owners structure their business in a way that it can run without them. We see all too often businesses that are highly dependent on the owner. This is unhealthy, generally not fun and undermines the future value of the business.

You work hard as a business owner and make many sacrifices. If you suffer from the issues in this article, perhaps we should talk. We can help you figure out how to take a vacation without worry!

Contact us at 314-313-8498 or bgleeson@kelsey-group.com to start a conversation.