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TAKE ACTION

Sidestep Common Errors

3 Ninety percent of startups fail within 10 years. So writes MJ Gottlieb in "How to Ruin a Business Without Really Trying."

"Everyone seems to be putting the spotlight on the small percentage who get it right," he told IBD. "What we should be spending our time on is studying and researching the 90% to see what the overwhelming majority are doing wrong in order to start swinging the odds back in our favor."

Tips on doing it:

- **Analyze setbacks.** Like a coach scrutinizing game film, executives should learn from mistakes, embracing them as opportunities.

Gottlieb sees two angles:

People choose to ignore errors, leading to inevitable failure.

Then there are those who embrace learning from them, as "they will become the stepping stones to your success."

- **Ask for help.** "The entrepreneur's ego often doesn't allow that to happen, and they pay the price in the long run," Gottlieb has found. "Study your market, do your due diligence, but never be afraid to look for senior guidance."

To find mentors, network and join applicable associations.

- **Stay even-keel.** "An entrepreneur always needs to put their intelligence in front of their emotions," Gottlieb said. That helps people act the most sensibly.
- **Learn what customers want.** "Too many entrepreneurs create a product or service before checking its viability in the market first," said Gottlieb. "Entrepreneurs must research the market and work backward." Failing to do so can exhaust your startup capital.
- **Know your expertise.** "As they say, the jack of all trades is the master of none," Gottlieb said. Understand your strengths and find people who are strong in areas where you aren't. "Plugging your weaknesses will not only make your company strong as a whole, but it will also allow you to keep getting better at what you do."
- **Trust, but verify.** Take to heart that expression from President Reagan.

In other words, says Roxi Bahar Hewertson, author of "Lead Like It Matters . . . Because It Does," don't take business fundamentals for granted.

She cites a couple of situations:

"When you are the CEO of your own company, you talk to the CEO of other companies before committing, not to the second or third tier of management. You can talk to them first, but not last. If the CEO isn't committed in you and in fully understanding what you have to offer, you shouldn't be interested in that CEO's organization."

Also, "make absolutely sure you have a formal letter of agreement and/or a contract signed before starting work or delivering product or services," she said. "This means you'll most likely be paid as promised."

- **Set the example.** The captain eats last, Hewertson reminds.

"The leaders whom people will follow to the ends of the Earth are the ones who put themselves and their comfort last, not first," she said. "When you own your business, you should get paid last. Be prepared to eat mac and cheese if that's what it takes.

"I know a man who temporarily rented out his house and lived in the office of his business and with friends for six months just to make sure everyone else got paid."

- **Keep your promises.** Make only the ones that you know you can deliver on or exceed, Hewertson said: "Otherwise, no one will trust you, and trust is at the core of every relationship with every employee, vendor, partner or bank manager. I measure my success by how many of my clients tell me that I've exceeded their expectations."

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