



What are the 5 worst mistakes made by most small businesses?

In his book "You Inc.", John McGrath claims they are the following:

1. A lack of clarity
2. Fighting Fires and not building Firebreaks
3. No plan
4. No accountability
5. Poor time management

Now I'm sure there are others we could come up with, but overall I feel this is a pretty good top 5. What I'd like to do is discuss each of these in more detail.

1. A lack of clarity

You need to develop a strong vision on how you want your business to look in the future. Not having a vision is like heading out on a camping holiday with no clear destination. You could end up spending your holidays camped beside a mosquito infested swamp. A Japanese proverb best describes this as; "Vision without action is a daydream, action without vision is a nightmare".

2. Fighting Fires and not building Firebreaks

This is where the business owner gets sucked into the day to day concerns of the business and becomes re-active rather than pro-active. To be pro-active, you need to look beyond the present at what possible challenges you may face and how they will be overcome. Keeping with the quotes, Jim Rohn said; "Short term obstacles are what you get when you don't have clear long term goals".

3. No plan

It's no good having a strong vision of where you want the business to grow and a clear idea of what challenges you will need to face if you don't have a plan on how you will get there and how you will overcome the obstacles along the way. Once again best summed up in the classic quote; "If you fail to plan, then you plan to fail".

4. No accountability

The major difference between small and big business (other than size), is accountability. A public company has numerous people it needs to be accountable to, from shareholders to a board of directors. This doesn't necessarily guarantee success, but I would suggest that the failure rate would be much higher if they didn't need to justify their actions. Many small businesses make critical decisions without thorough due process because they don't have to justify the decision. Even just the ability to bounce ideas of someone can make a huge impact. This quote is from Stephen Covey; "Accountability breeds response-ability".

5. Poor time management

Poor time management leads to wasted time and effort, which can ultimately affect the success of a business. This is best summed up by the 80/20 rule, which dictates that 20% of your efforts account for 80% of your results. I believe that in business, the 20% is working on the business rather than in it. Sometimes you need to extricate yourself from the day to day (regardless of the consequences), if you are ever going to grow your business to the level you want. To complete the quote theme, this one is from Brian Tracy; "Your greatest asset is your earning ability. Your greatest resource is your time."