Lies Business Owners Tell Themselves

Last week I ran across some great reminders for business owners. Julie Rains, Senior Writer for Wise Bread, a popular personal finance site that provides career, lifestyle, and finance tips, wrote a great piece related to this topic. Running a business is exhilarating but challenging. Positive self-talk and the ability to envision great opportunities in difficult times are important to achieving success and emotional stability. But, Rains warned, “these actions and attitudes can interfere with being honest about your business”.

I refer to these as “lies” because there are certain false perceptions that business owners allow themselves to believe about their business and as a result they unknowingly put their business at risk. Let’s look at a few of these. Have you experienced any of these?

“We don’t have to worry about the competition because we have a unique product” The harsh truth is that customers may not understand, need or value the differences between your company’s solutions and those of your competitors. Cheaper versions that fulfill similar functions are preferable. Plus, if you happen to introduce innovation successfully and capture market share, competitors will be quick to follow and imitate you.

“We have air-tight procedures that drive our business operations.” Yes, written procedures may have been painstakingly developed and introduced years before. Today, however, that once-living document may be dead, buried in a virtual file cabinet. The scary truth is that the effort that you or your staff spent in documenting, creating and refining procedures does not necessarily result in specific activities happening the way you envisioned.

“When things return to normal, our business will start growing again.” The sad truth is that getting ready to succeed is not the same as actually succeeding, no matter how well the foundation is laid. Even upticks in the economy won’t boost profits to levels that sustain overloaded expense structure. Be realistic and ready to make tough decisions. Be ruthless when evaluating revenue streams and cutting under-performing areas. Deal with problems now; situations will not improve through inaction even in great economic times. Realign resources rather than expanding staff, infrastructure and technology investments. Get your finances in order, so that a slip in monthly performance doesn’t cause the entire organization to collapse.

“Our vendors will stand by us until our company decides to end the relationship.” The unfortunate truth is that vendors drop customers. Even a great rapport among buyers and sales representatives won’t sustain poor alignment between products and pricing desired by customers and those offered by vendors. Develop a succession plan for vendors, similar to a management succession plan. Do the groundwork for adding new vendors. Pay attention to changes in the marketplace, noting market segments that are becoming more attractive as well as those that are becoming less appealing.

“I know this employee should go, but I’m not ready to take care of that just yet and It’ll be all right anyway.” A low-performing employee can drag down any business, especially a small one. And a person who may have contributed early on may not have evolved as the business did and there is a mismatch between skills needed and skills possessed. Taking care of problems as quickly as possible helps everyone involved owners, customers, and fellow employees.

“I don’t need help. I really can do everything. Besides, it will cost me to have help and I can’t afford help.” Don’t make this mistake. A business owner cannot do all things because he or she
doesn’t have all the skills or experience. Help doesn’t always have to be costly but not getting help when needed will usually cost your business big.

Optimism is essential to success, but needs to be grounded in facts rather than fantasy. Managing a business can be complex, especially in these economic times. If you need help, contact America’s free and confidential source of small business mentoring and coaching, SCORE, on our website: http://seminnesota.score.org/

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