Don’t Make These 3 Entrepreneurial Mistakes

The launching of a new business presents exciting possibilities for an entrepreneur. Being able to control your time and have unrestricted earning potential are something entrepreneurs dream of and are often the inspiration behind their venture. While those are all reasons some of us desire and aspire to start a business, they shouldn’t be the motivating factor alone. In a future article, I will address the reasons an entrepreneur should go into business. However, in this article, I want to provide some valuable insight and pitfalls to avoid for those who are new entrepreneurs.

1. Operating without a financial plan.

Starting a new business is like having a baby, and today we know that having a child is expensive. I have met so many entrepreneurs who’ve had to put their business on pause or close it because they didn’t factor the cost of potentially funding that business for 6 months to 1 year without generating any revenue from their business activity. Every entrepreneur should be financially prepared to fund their business for a certain amount of time before seeing any revenue.

2. A lack of understanding reinvesting.

When I launched my business in 2001, I was so excited when I received my first client payment. I can recall taking the payment and foolishly spending it on things I needed personally. After some time of developing this practice, I realized I was spending the money I needed to reinvest in the development of my business on personal needs, leaving my business in a vulnerable financial position. Learn to reinvest in the development of the business when you are in the initial stages of generating revenue.

3. Undervaluing their product or service.

One of the struggles early on for me in business was knowing how to appropriately price my services. I realized that I created a fee structure that was based on what clients thought I should charge and not my research of what was common in my industry. It is important to do research and find out what others in your industry are charging, but also determine what your time is worth for this service. When it comes to products, it’s important to analyze what your costs are to develop that product in order to determine what your pricing should be.

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