

The 8 Biggest Mistakes Entrepreneurs Make

by Darren Hardy

Why following conventional wisdom when starting a business is a deadly trap—and how you can defy the odds EUREKA!

You have an idea for a new business. You are sooo excited that you start telling your friends and family about it (mistake). You are confident this product solves a big problem in the market (mistake). You make a vision board and start drafting your business plan (mistake). You recruit some family members and an enthusiastic friend to work with you on it (mistake). You know you are ready and prepared (mistake) and willing to do whatever it takes to make this work (mistake).

All the above may sound like good things, but following the textbook approach to entrepreneurial success is your biggest mistake of all.

Guess what: 66 percent of businesses fail within eight years. Why are the odds so long even for people who go out of their way to do everything exactly right? That's what I set out on a mission to discover.

The answers were startling. All the assumptions for this high failure rate (capital, location, credit, inventory management, and competition) were wrong. Overwhelmingly, failure was not due to outside factors, but to an internal one. And it wasn't economic—it was emotional. The unexpected and terrifying havoc experienced in an entrepreneur's life is the greatest factor in why most new business owners give up or go belly-up.

But it's not going to happen to you. Not now. Read, study and implement these preventive measures to ensure the full potential of your eureka moment.

Mistake No. 1

Being a big thinker... and trying to "dent the universe."

As renowned universe-denter Sir Richard Branson has said, when the first Virgin business began 40 years ago, there was no grand plan—especially not for a behemoth that would eventually employ 50,000 people around the globe. "Had we tried to plan for such a future," Branson once told Entrepreneur, "we would certainly have messed it up."

If you begin with illusions of grandeur, you'll probably never get started, or as Sir Richard said, you will mess it up. You will overestimate your projected sales, you will overbuild and overspend on the perfect "scalable systems," and while you are dreaming of your contribution to human progress, you will miss payroll. And then it's game over.

Instead, start small. Start where you are. Ship what you've got. Sell something today. Then improve.

Focus on just getting better every day, rather than on some imagined, lofty goal.

Now, I'm not telling you to never set goals. In fact, if you don't give yourself some direction, you'll wander aimlessly into bankruptcy. But on a day-to-day, practical basis, thinking too big paralyzes you and keeps you from doing anything at all. You figure if your product or service isn't revolutionary yet or you're not changing the world, you have a convenient excuse to wait, delay and continue to aim, aim, aim rather than work, work, work.

You've heard it before, "The journey of a thousand miles begins with a single step." Think about today's step. Then with each step you take, work on growing and getting better. In due time, you might travel so far in your constant growth that the world feels your step and is slightly dented by it. It can happen!

Mistake No. 2

Being excited... and expecting those around you to be excited for you.

Someone once asked me, "How successful does a person need to be?" I replied, "Ah, I guess, as successful as you can be." He said, "No, just more successful than your brother in-law." Meaning, your wife will be happy with you and her life as long as it's better than her sister's.

Like it or not, people are constantly comparing themselves to each other. We only know how good or bad something is by contrast—it's good, compared to what? It's easy for people to read about celebrities and other superstar achievers and see their success as something out of reach. But if someone in their immediate circle, someone just like them, breaks out of the herd of mediocrity, it eliminates all excuses. And most people have become quite attached to their excuses. When you overcome similar obstacles and succeed, you're making them look bad and feel bad. Your success disturbs their status quo, and their ego becomes vengeful.

Oh, sure, they'll say they're happy for you. They'll say they support you and your dreams. But secretly (maybe even unconsciously), they are hoping you will fail. They are hoping you will prove them right, that the fears that are holding them back from also becoming a successful entrepreneur are valid. They may even engage in covert tactics to sabotage your ambitions with weapons of doubt, teasing, mockery, sarcasm and innuendo to ensure they are right and their ego is once again secure.

It's natural to feel excited about your possibilities and potential, but don't get carried away. Prepare yourself for the emotional turbulence ahead, including the negative voices of the people in your life.

Mistake No. 3

Being in love with your product... and not your client.

You are passionate about your product. You have spent countless hours working on it to make it excellent—the best there is. Unfortunately, the No. 1 seller in any category is probably not the best product. Look around you. What's the No. 1-selling restaurant in the world? How about the

best-selling automobile, wine, insurance or face cream? The best-selling brand is rarely the one with the very best product. Instead, the No. 1-selling product in every category is owned by the person who is the best marketer.

Like it or not, your product accounts for only 10 percent of your business's success, with 90 percent coming down to sales and marketing. I am hereby putting you on notice: You are not in the dry cleaning business, the insurance business, the mobile app business or whatever industry covers your awesome product. You are in the sales and marketing business, period. So you need to become an expert at sales and marketing.

The first step? Fall in love with your prospective client. You must learn how to get inside the head and heart of your prospective client—to feel his desires, hopes, fears and problems. Learn how to transmit this love through your sales and marketing communication, and connect with the client heart to heart.

Only when your sales and marketing are on board will your clients get on board. Then they will beat a path to your revolutionary product and fund your big dreams.

Mistake No. 4

Being cheap... and not investing enough in people, marketing and learning.

Adages become adages because they are true. "It takes money to make money," is a perfect example. In growing your business, there are a thousand ways to spend your money, but there are three that matter most: people, marketing and personal growth (learning). Let's focus on people here.

As Jack Welch, former CEO of GE, said to me during an interview, "No matter the innovations and changes in the marketplace, the one thing that hasn't changed is [that] the team who fields the best players wins." In today's dynamic and highly competitive marketplace, the main battle is for talent.

You cannot pay too much for the best. In fact, A-level talent is very inexpensive: A players will always produce above the wholesale price you are paying. But B and C players are very costly in so many ways.

Considering that the largest portion of your operating costs is likely to be consumed in salaries and wages, it is critical that you get team-building right. Just one bad hire can sink you and your business. The cost of hiring a poor performer is not simply what you paid them. It's much higher. When you consider the time and resources you'll spend to replace them, the value of lost opportunities, and the chemotherapy your organization must undergo to stop the cancer they usually spread, the cost of a poor-performing team member is up to 15 times their annualized salary. Invest up-front in quality people.

Mistake No. 5

Being like your father... and repeating the leadership sins of the past.

If you haven't looked around recently, you might have missed some fast, dramatic change! Because technology has reached several tipping points, we are living not through a state of linear progress, but in a time when change happens at an exponential pace.

Futurist Ray Kurzweil describes this phenomenon in his essay "The Law of Accelerating Returns." He says, "We won't experience 100 years of progress in the 21st century—it will be more like 20,000 years of progress (at today's rate)." Put it this way: We'll be developing the skill set to captain the Starship Enterprise rather than holding the reins on a horse and buggy.

The patriarchal, top-down, do-it-because-I-said-so leadership style will not work in the 21st century. For the first time in human history, we will have five generations in the workforce at once. Far more women are working. Minorities will soon be the majority. The landscape was different for your father and other authority figures from the 20th century. Leading based on what we saw, experienced and learned in that era would be wrong.

In the old days, economic competence was an entrepreneur's most important skill. Now emotional intelligence has replaced it. Human capital has replaced financial capital; where once leaders set organizational controls, now they must foster collaboration. Once the goal of the leader was to develop followers. Now it should be to make leaders out of everyone.

Mistake No. 6

Being amazing... and trying to do it all.

Our culture celebrates those who check off sprawling lists of tasks every day. We exclaim how busy, stressed and overwhelmed we are as if it were some badge of honor.

It's not. This approach will cost you everything: your personal life, your business and all of your dreams. In order to grow a business, you have to allow it to grow beyond you.

Think of yourself as the head coach. Your job is to draft the game plan, recruit the players, and get them trained and equipped to perform at their best. Then watch from the sidelines. If you jump in and start throwing, catching, blocking and tackling, your business will never win the Super Bowl. Imagine Bill Belichick running to catch a pass during a game!

When you try to do it all, you bottleneck your business and you become the constraint to its growth. Think of yourself as the great talent broker. You are paid to bring the right people together and help them do the work. When you have set the stage for their success, stay out of their way.

Mistake No. 7

Being successful... and avoiding belly flops.

The entire universe is built on duality. Just as you cannot have day without night, up without down or good without evil, you cannot have success without failure. It's not possible.

As a matter of fact, the process of success is a sequence of progressive failures.

If you are succeeding only moderately, it's because you aren't doing enough to challenge your limits. My father taught me this on the ski slopes when I was 8 years old. At the end of the day, I ran up to him, excited to report: "Dad, I skied by myself all day and didn't fall down once!" He looked at me flatly and said, "Well, then you didn't get any better."

Sensing my disappointment, he explained, "Look, if you're going to get better, you have to push yourself. If you push yourself, you're going to fall. If you're not falling, you're not pushing. Falling is part of getting better."

The only way to accelerate your success is to speed up your failure. Pursue failure with passion and joy. When you do fall, celebrate it. You've grown.

The only thing holding you back from realizing your potential and accomplishing any goal your mind can conceive is fear. If you can learn to turn fear into fun—something you pursue rather than avoid—the top to your potential will pop open and out will pour your greatness.

Mistake No. 8

Being smart... and not seeking the help you need.

Michael Jordan didn't win a championship for his first seven pro seasons. And then Phil Jackson became the Chicago Bulls' head coach, and the team's fortunes soon changed. Kobe Bryant spent four years trying in vain to win a title. Then Jackson went to the Lakers. The difference in both instances wasn't the player—it was the coach.

I bet you are already good. But in order to become great, you need help, as every superstar does.

Invest in your learning and growth. If there is one common trait among the superachievers I've ever met or studied, it's that all are avid learners. They are constantly looking for the edge, seeking the insight that will allow them to improve and break through their current ceiling.

As my mentor Jim Rohn taught me, "You cannot achieve beyond your current level of personal development. You don't achieve goals. You grow into your goals." Seek the books, videos, audio programs and seminars that will help you grow beyond your current level of success.

There are great ideas surrounding you every day. You don't have to originate them. You just need to grab them and apply them to your situations. Steve Jobs didn't invent the mouse, the graphical user interface, the MP3 player or the smartphone. But he made them all better.

For every problem you have, someone has dedicated his or her life, time and passion to becoming an expert in that area. The longer you spend trying to dream up a new solution to your problem, the less time you have to solve others and grow your business.

My dad taught me, "You can never pay too much to rent someone's brain and gain their experience." While there are no shortcuts in life, they do exist for success in business. The shortcuts are charted by those who have already been where you are going and have returned to

give you the map of the safest and most expeditious route. This guidance will save you time, energy, money, pain and anguish. The ones who have gone before you can warn you where there's treacherous terrain and great dangers so you can avoid them entirely.

Their expert and experienced direction just might save the life of your business.