

7 Sure-fire Ways To Mess Up Your Startup

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Now is a great time to follow your dream and launch your startup or small business. Startup "incubators" and "accelerators"-physical or virtual support organizations for budding entrepreneurs-are popping up in cities large and small, not just across the US but globally, to help you realize your dream. There's more money available for financing, with crowdfunding, new lending options, and angel investors and venture capitalists opening their wallets.



But just because the time is ripe doesn't mean all startups or small businesses succeed. Far from it.

Here are seven sure-fire ways to mess up your chances of startup success:

1. Failing to plan

You need a business plan. Period. You don't need a 35-page, formal business plan, but you do need a roadmap. It's the planning-not the plan-that makes the difference between success and failure. Planning is more than just figuring out a business model. You need to think through the fundamentals of your company, understand your market, evaluate your competition, take a hard look at your industry, and identify a sustainable strategic position. Remember Rhonda's Rule: If you don't know where you're going, you won't know when you're lost.

2. Striving for perfection

Too many entrepreneurs drag their feet, waiting until everything is perfect before they go to market. But if you do, you'll almost certainly miss out on opportunities and increase your costs. Keep in mind "MVP"-or "minimal viable product." Customers are increasingly willing to accept Version 1.0 in many products, so it's important to learn how to expedite and iterate to get your items to market faster.

3. Not setting a launch date

Most people work best when they have a deadline. So give yourself a "drop dead" date for opening your store, shipping your product, having your new app go live. Setting a date forces you to work toward it. Otherwise you run the risk of tweaking your offering indefinitely, and missing a market opportunity.

4. Hiring anyone who's available

You need help. You've interviewed several people but haven't found anyone who's right, who has the intelligence, experience, attitudes, personality you need. But you hire any way. Whoops. That cost you time and money. Instead, give yourself time. Make sure your standards are realistic, but it's better to leave a job open than to hire the wrong person. In every business, but especially in a small startup, each employee has an impact on the success of a company. You want to find the right people to be part of your team, not just fill empty slots.

5. Not being able to pivot

If the market tells you your first idea isn't working, you've got to be open to changing it. It's crucial to be able to swivel away from your original vision, adapt to new realities, and use what you've learned to improve. Otherwise, your company and your dream will die. However, be careful not to tweak your company with every little bit of feedback you receive—from partners, your team, your brother-in-law. Your startup is YOUR vision. Your small company needs leadership, and face it, you're the leader.

6. Taking money from anyone who will give it to you

When you look for startup financing, you may feel tempted to take money from anyone who offers it. Be careful. You are married to your investor, and it's easier to divorce a spouse than an investor. Different types of investors require different amounts of return on their investments, have varying levels of sophistication and comfort with risk, and provide you with significantly different auxiliary benefits and disadvantages. Choose wisely.

7. Spending all your money

The three most important things to remember about startup money management are “cash, cash, cash.” Cash in the bank enables you to keep your doors open and pay your bills. Sure, it's absolutely necessary to be profitable, but “profit” is a number that shows up at the end of the year. Be frugal with whatever cash you have, whether from financing or income. You may be tempted to buy the most cutting-edge equipment or lease cool, but expensive, office space, especially if you get a big check from an investor. Stop! Money in the bank beats a nice desk any day.

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