

How To Grow Your Business

Practical advice on how to grow your small business from Businessware

Issue 2 July 2006

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In this issue we include an article that questions the way you think about your business and asks where your focus is. We also have some advice on avoiding the key pitfalls most people face when starting or growing their business.

Top 5 Tips to avoid the common business start-up pitfalls.

If you are starting up a business or thinking of going into business here are 5 tips to help you avoid some of the pitfalls

1) Do not think that your business has to involve a new idea to be successful.

Most people who go into business think they need a new idea to be successful and this is a misconception. For a new business with a small marketing budget of a few hundred or thousand pounds it will be hard enough to get people to buy your product, if you also have to sell them on a whole new concept as well then you're more than likely going to fail. Some of the most successful entrepreneurs have jumped on the back of other people's ideas once the concept is proven. Most have never come up with an original concept in their business careers. They do however take a proven concept and come at it from a slightly different angle and then relentlessly go all out to out-market and out-sell the competition.

2) Delivering value to your customers is your top priority.

Whatever business you are in you need to be absolutely passionate about what you do and the value it can bring to your customer's lives. If you go into business with the mindset that "its all about the money" then the chances are you won't succeed. Money is very important but its only important to *you* and its not your money that's going to make you financially successful. That privilege belongs to your customers and if you're more focussed on how much you can squeeze out of them rather than delivering huge value to them then they either won't want to be your customer or they won't stay with you for very long. In business money

Earning Money Vs Making Money

How a shift in your thinking could be the key to achieving real business success.

If you are starting out in business, trying to grow your business or are trying to turn a business around there is a fundamental distinction you need to make in your approach.

Is your approach to earn money or is it to make money?

It may seem like an odd question, in fact you may think they are one in the same thing. However the two approaches are entirely different and you have already, in one way or another, made your decision as to what the answer is, even if you've not made it consciously.

There is a deep rooted, cultural belief that money must be "earned" by honest labour. There is nothing wrong with this belief and indeed more than 95% of people today live their lives around it. That's why most people get up every morning and go out to a job, providing value to their employers and earning their monthly or weekly pay.

When you are in business you need to decide early on what your long term objectives are and what you want to get out of your business.

If you are in business primarily to be your own boss and maybe earn more money than working for someone else, you cannot expect to aim at one day having 3 months off to take a world cruise. Your time and the value you provide in that time are inextricably linked to your earnings. If this is your approach and you expect to be financially free in 10 years and retire to the Costa Blanca then think again.

How much you earn is in direct relation to the value you provide. This is true of anything in business. However with "earning" money your value is your time. If there are people prepared to pay you £1,000 an hour for what you do then you are providing greater value to your customer than someone whose customers are prepared to pay them £15 an hour. That's just the law of business. However the principle is the same; the minute you stop working, your earnings stop. Just like in a job.

Most people do not get into business to be straight-jacketed like this. Most people associate being in business with freedom and this is far from it. In fact if you look at it in the cold light of day many would see working for an employer preferable.

There are many who try to maximise how much money they earn with their time. This can only be done by asking their customers to pay more for the time they provide. If you up your value to meet this, fine. If not you have a problem. The law of nature and business dictates that the value you provide

should always come 2nd on your list of priorities. Get priority 1 right and the rest will fall into place.

3) Give your customers what they want.

Is your business offering something people **need** or is it something people **want**? The businesses that really succeed are those that give them what they want. In all likelihood it's not what you have to offer that they want, it's the benefit it gives them. However if you can provide your customers with something that they want you are on the road to success. Think about it; would you rather spend a £100 on something you need or something you want? We are emotional beings driven by our need for pleasure and buying something we want gives us that. When someone wants something, craves it, it also becomes an emotional need. Make sure you are in the "want" business.

4) Give yourself breathing space for at least the 1st 6 months of your business.

Give your business at least 6 months to start making a decent profit and do not rely on it for your living for that period if it is at all possible. You may be in business against some tough competitors and it takes time to build up momentum and credibility amongst potential customers. You may need to test different areas of your market, some will work and some won't. It is much easier and fulfilling to get your business off the ground if you know your mortgage is still getting paid if you don't make any sales this month. If you're relying on your business for your income your desperation to make that sale will come across so obviously, you may over-promise something you can't deliver on which may dent your credibility making it even more of a struggle to get your business off the ground. Organise your finances in such a way as to avoid this pitfall before you start your business.

5) Make sure you have allocated enough money for marketing

Your business is ready to go, you've perfected your product or service and you're all set. Suddenly you realise you've spent everything you have on getting to this point. Without a budget for marketing how is anybody going to know how great your product or service is? You don't need huge sums of money but you need at least enough to test 3 or 4 types of marketing to see what works and to bring in some initial enquiries and sales. Spending vast sums on marketing is not the answer however you will need some budget to get you going. If you haven't you have already got a real uphill struggle regardless of how good your product or service is.

is only worth so much to someone else. All business is an exchange of value and the exchange must be in direct correlation. You start to charge more than the value you are providing and in the short term you will earn more but in the long term, as you have broken a law of nature, you are in trouble. You can think of earning as an elastic band that you can only stretch so far until it breaks. Either you break or your earnings do.

So in order to be massively successful in business, to achieve all of those wonderful goals of having lots of money and lots of time to enjoy it you need to firmly get your mindset onto making money rather than earning it. And for a lot of us this is a real challenge. We've been conditioned all of our lives against this. If you make money you haven't "earned" it's wrong, you must have fiddled someone. It can also work the other way around. If you work at making money and you are not directly compensated for your time you may feel a sense of injustice or being taken advantage of. It's how we've been trained. There is a fundamental shift in thinking that is required.

However we must be clear. Whether you are earning money or making money the fundamental is the same. All business is an exchange of value. The difference between them is that in focussing on "making" money you are concentrated on offering something other than your time.

This calls into question a way of thinking that is one of the foundations of our entire society; hard work is absolutely not the way to be successful. If you have "worked hard" what you are actually saying is "I have provided the maximum value within the time frame". You cannot separate hard work from the time it took you to deliver it and we've already identified that using your time as your direct exchange of value is doomed to failure in your mission to be massively successful in business.

A common stumbling block for many who go into business is to use the strategy of using the "earning" approach as stage one and they can move onto making money, stage two, later. This is a viable approach but it's all about your focus. Many people get so bogged down in "earning" a living, that they never get anywhere near stage two. This is absolutely key to why most small businesses don't grow. If this is your approach you need to be entirely focussed on getting beyond stage one as quickly as possible and jumping on stage two.

If you want a successful business that makes money rather than earning you a living you need to quickly shift your focus away from exchanging your time to using some form of leverage in offering the same value. This leverage may be employing people, it could be money itself (for example investing in another business or in the stock market). It may be translating your service into a product or making an existing product much more widely accessible to the market.

This by no means negates the necessity for hard work. Far from it. Though neither can hard work ever be the sole method of success. You need to find leverage so the value you deliver stays the same or improves but is not reliant on your time to deliver it.

It may take a long time and a lot of hard work to produce the necessary leverage and that is the reason most will never develop it. Especially when most are loathe to offer the value of their hard work, seemingly, for no exchange of value (money), even if it is for their own long term benefit. To make money we must get passed the traditional thinking.

Everyone in business works exceptionally hard. However working hard at earning money is what 95% of people do. If you want to be one of the "other" 5% then you need to be focussed on making it. That's where your hard work needs to be.

*We recommend the following book for additional reading on the same theme. "**Rich Dad, Poor Dad**" by **Robert Kiyosaki**. Links are included below.*

Useful Links

<http://www.amazon.co.uk/gp/product/0751532711/202-6020652-2404626?v=glance&n=266239>

http://www.play.com/Books/Books/4-/406710/Rich_Dad_Poor_Dad/Product.html

<http://books.globalinvestor.com/books/13084.htm?ginPtrCode=00000&identifier=431d3d5c9638b5da6ce6f5c4e4e64428>

http://www.tesco.com/books/product.aspx?R=0751532711&in_merch=1&in_merch_title=Best_Sellers&in_merch_name=

Rich Dad Poor Dad by Robert Kiyosaki

(to remain impartial we have included four sources where you can purchase this book. For more buying sources type “**rich dad poor dad Robert kiyosaki**” into google.com, yahoo.com, ask.co.uk etc.)



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