The 10 Biggest Mistakes that Entrepreneurs Make & How to Avoid Them

Contact Us:
Growthink (www.growthink.com)
Growthink University (www.growthinkuniversity.com)
800-506-5728
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Introduction

What makes one entrepreneur ultra-successful, while another entrepreneur falls flat on their face? Is it because the ultra-successful entrepreneur was smarter, had a better education, or worked harder?

Probably not.

History tells us that the great entrepreneurs are neither smarter, better educated, nor harder working than other entrepreneurs.

But, these great entrepreneurs certainly do things a bit differently. They take the same 24 hours a day that all entrepreneurs have, and use them with great efficiency. They are like conductors of the world’s best orchestras. But rather than creating beautiful symphonies and amazing sounds, they create boatloads of cash.

Over the past decade, we at Growthink have not only studied the great entrepreneurs of history, but have had real-time experiences working with and guiding thousands of entrepreneurs. Specifically, we have helped, via our consulting division, over 2,000 entrepreneurs launch and grow their businesses. And thousands more have attended Growthink presentations and seminars, and purchased our entrepreneurship products.

And from this experience, we have seen tons of successes, and unfortunately many failures.

Now, the good news is that from this vast amount of data, we’ve been able to isolate the 10 biggest mistakes that prevent most entrepreneurs from becoming successful. These mistakes, and how to correct them, are laid out in this report. Read it carefully. And then read it again. And again. For keeping these mistakes top-of-mind, and ensuring that you don’t commit them, is what will lead you to the promised land of entrepreneurial success.

We would also be remiss if we failed to tell you that Growthink is here, and has been for over ten years, to help you succeed. We can help you overcome any of the 10 obstacles presented herein. Whether you need help developing your business plan, raising capital,
growing your revenues, planning and executing on your internet marketing strategy, and so on, we have the expertise and experience to assist you.

Through Growthink, Inc. (http://www.growthink.com), our full-service consulting and investment banking arm, we can complete projects for you that take you and your company to the next level.

And through Growthink University (http://www.growthinkuniversity.com), our publishing arm which develops guides, courses and workshops, we can teach and guide you to expertly accomplish your goals.

To Your Success!

Dave Lavinsky & Jay Turo
Co-Founders
Growthink, Inc. & Growthink University
Mistake #1: Failure to Create, Use & Update a Successful Business Plan

"First comes thought; then organization of that thought, into ideas and plans; then transformation of those plans into reality."

- Napoleon Hill, author “Think and Grow Rich”

Successful entrepreneurs, without exception, transform their ideas into business and action plans, and then execute on those plans.

It is virtually impossible to start and/or grow a successful company without a successful business plan. As Yogi Berra said, “If you don’t know where you’re going, you might not get there.”

In a successful business plan, the entrepreneur clearly states where they are going, and how they are going to get there.

The process of creating your business plan allows you to uncover opportunities, identify strategies to employ, and create an action plan for achieving success.

Key elements of the business planning process include:

- **Determining Competitive Advantage:** determining how you can create sustainable competitive advantages that propel your company to long-term success.

- **Customer Needs Assessment:** expertly uncovering the true needs of your current and potential customers so that your current and future products and services can better attract and serve them.

- **Industry Analysis:** identifying the key trends affecting your market to make sure that your business will profit, rather than be harmed, from these trends three to five years from now and beyond.
• **Marketing Strategy:** determining the mix of promotional activities that will most effectively generate leads for your business, and plotting out the ways in which you will convert those leads into initial and lifelong customers.

• **Operations Plan:** mapping out your internal processes and slicing your long-term mission and goals into smaller, actionable milestones.

• **Management Team:** understanding the human resources that will be required to achieve your vision and how you will attract this talent.

• **Financial Planning:** truly understanding the economics of your business and its short and long-term cash flow needs, to ensure that you don’t run out of capital.

Many entrepreneurs don’t create business plans at all. Fewer create complete business plans that accomplish the goals outlined in the bullets above. And even fewer properly use their business plans to gauge their performance. And still fewer constantly update their business plans to reflect changing market and internal conditions.

Which is frustrating; because those entrepreneurs that know how to create a successful business plan, spend the time creating their plan, and gauge their performance against and consistently update their plans, are the ones that achieve significant success.

**Growthink** can expertly develop a comprehensive, successful business plan for you.

**Growthink University** offers business planning templates, articles, videos and a comprehensive business plan development course so you can complete a winning business plan yourself.
Mistake #2: Failure to Raise The Necessary Capital

Capital is the fuel that allows businesses to grow. Without capital, businesses fail. With capital, early stage companies can begin to grow, and mature companies can achieve even greater scale.

EVERY business requires capital to grow. Some businesses are able to finance their growth through customer revenues. That is, generating revenues and re-investing these revenues in their companies to develop the infrastructure to grow further.

Many other companies rely on debt or equity capital infusions into their companies in order to build infrastructure and grow.

The majority of companies do both. They raise outside capital AND rely on internally generated revenues. And, in terms of outside capital, most companies raise multiple types of capital such as capital from friends and family AND secured lines of credit AND credit card financing.

For early stage companies, particularly those with little or no track record of success, the challenge is to find the capital they need. Because the vast majority of businesses fail, banks, venture capital firms and other lenders and investors are often highly skeptical and not willing to part with their dollars unless significant conditions are met.

Fortunately there ARE many financing options for these nascent firms once they know what they are and how to get them.

Legendary football coach Vince Lombardi once said, "We didn't lose the game; we just ran out of time." A similar thought holds true for entrepreneurs and companies -- "we didn't fail, we just ran out of money." Running out of capital is the number one reason companies fail. With capital you have the runway to do whatever is needed, such as alter your products and services and chosen markets, in order to improve your business over time and succeed.
Growthink helps companies raise institutional funding (e.g., funding from venture capital firms, corporations and private equity firms). We also develop business plans and prepare private placement memorandums for companies seeking all types of capital.

For angel capital, grants, debt, and alternative capital, we have found that entrepreneurs can raise this capital themselves with the right guidance. Growthink University offers numerous products which expertly guide entrepreneurs through the process of raising capital from these and other financing sources.
Mistake #3: Failure to Utilize the Core Marketing Tools to Grow Revenues

Growing your revenues is actually pretty straightforward when you think about it. There are only four things you need to accomplish:

1. Increase your number of leads
2. Increase your conversion rate
3. Increase the number of times customers buy from you
4. Increase the revenue you generate per sale

1. Increase Your Number of Leads

There are hundreds of ways to increase the number of leads that your company receives. These ways include direct mail, newspaper advertising, radio ads, customer referral programs, joint ventures, holding educational seminars, telemarketing, etc., etc.

Being knowledgeable about the top lead generating techniques and knowing how to expertly execute on them allows successful entrepreneurs to generate a nearly endless flow of new leads.

2. Increase Your Conversion Rate

Your conversion rate is the percentage of leads who actually end up buying from you.

There are numerous techniques that savvy entrepreneurs implements to maximize conversions. Among many others, these techniques include your sales scripts/training, your lead nurturing campaigns, and your ability to convey your unique selling proposition.

In today’s information culture, most leads are just browsers -- people looking for more information before they make a buying decision. Successful entrepreneurs establish formalized processes to convert these browsers into shoppers and buyers, so that their companies can flourish.
3. Increase the Number of Times Customers Buy From You

Too many entrepreneurs and business owners get so caught up on the initial customer sale, that they fail to generate nearly as much long-term revenues from these customers as they could.

Successful entrepreneurs get customers to buy over and over again. They employ techniques such as bonuses, other incentives and customer loyalty programs.

They position their products and services as ongoing solutions to their customers’ needs.

And as a result, they build ongoing, predictable and growing revenue streams, which is the key to both successfully growing and exiting a company.

4. Increase the Revenue You Generate Per Sale

Finally, entrepreneurs that achieve massive success get customer to pay more each time they buy.

They accomplish this through a mixture of techniques such as upselling and cross-selling, offering premium-priced products and advanced merchandising.

Now, while successful entrepreneurs execute on one or more of these four strategies, ultra-successful entrepreneurs use ALL of them to generate more revenues. And they do so in a consistent and ongoing basis.

They track their number of leads, conversion rates, etc. And every month they test new marketing tactics and ideas and see how each of their metrics were effected. Over time, they get better at everything.

Want to see how this adds up mathematically?
When you double each of four key metrics, your revenues grow by 16 TIMES!!!

**Growthink** helps entrepreneurs develop and execute on marketing plans to double their success in each of these four key areas.

**Growthink University** offers articles, videos and courses which expertly guide entrepreneurs through the process of exponential improvement in these four key marketing areas.

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<th># of Times Customers Buy</th>
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Mistake #4: Failure to Leverage Online Technologies to Automate Your Business

Some entrepreneurs manage to achieve success without using online technologies. But more and more, these entrepreneurs are becoming the exception.

By understanding the core online marketing tactics, and knowing the right tools to use, successful entrepreneurs can literally run pieces of their business on autopilot.

Remember mistake #3 which focused on the four key marketing areas needed to grow revenues. Well, let’s look at how these areas can be quickly and vastly improved by using online technologies.

First, with regards to increasing your number of leads, via online advertising, search engine optimization and social media optimization, savvy entrepreneurs can receive a flood of relevant traffic to their websites.

Next, entrepreneurs can increase their conversion rates via the process of landing page optimization. They can constantly, and for little cost, test variations of their web pages until they determine what converts best.

They can also capture prospects’ names and email addresses, and market to them via pre-programmed emails and/or newsletters. In this way, they can automatically move website visitors from browsers to shoppers to buyers.

With regards to increasing the number of times customers buy from you, via newsletters and automatic emails, customers can be encouraged to buy more often, and via basic online functionalities, savvy entrepreneurs can easily upsell, cross-sell and expertly merchandise their products and/or services.

Successful entrepreneurs understand and constantly gain more expertise in the online marketing tools available today. Or they hire firms and staff who do. Conversely,
unsuccessful entrepreneurs lack the expertise to utilize the latest online technologies to supercharge their marketing efforts.

Growthink helps companies develop and execute on online marketing initiatives to grow revenues and maximize profits. We have experience in all aspects of online marketing and stay abreast, on a daily basis, of all the new developments and new technology advances.

Growthink University offers articles, videos and courses which expertly guide entrepreneurs through the process of understanding and executing on successful online marketing strategies.
Mistake #5: Failure to Properly Plan Your Exit Strategy

While the individual goals for each entrepreneur may vary, most sophisticated entrepreneurs share one common goal when starting a business – to eventually exit the business for a large sum of money.

Savvy entrepreneurs know that they can make money day-to-day running a successful business. But, they know that the real money comes when they “exit”; that is, when they take the company public, or more likely, sell the business. That is when the million-dollar windfall comes that most entrepreneurs dream about.

Unfortunately, while successful entrepreneurs eventually sell their businesses for millions or tens of millions of dollars (or more), most entrepreneurs fail to sell their businesses, or do so at a much lower price.

And the number one reason for this failure is lack of planning.

Selling a business is very, very different from selling other things, like a house. A business is much more complex. It has lots of “moving parts,” like customers, employees, operational processes, marketing commitments, etc.

And, as a result, you can’t decide to sell your company next week, or next month. Or even next year in many circumstances. Rather, you may need two or more years to properly plan for your exit.

There are numerous keys to successfully selling your business. One of these keys is to make yourself replaceable. That is, if you, as the business owner, are too critical to the business’ success, no one will want to buy it.

To overcome this challenge, successful entrepreneurs invest time in training others to run their businesses. The establish formal, written processes and procedures. They delegate specific responsibilities. And so on.
Most entrepreneurs have the vision of retiring with a great fortune and doing all they things they want…summer homes…winter homes…amazing vacations, etc. Successful entrepreneurs achieve this vision, because they invest the time and energy to plan for their eventual exits.

Growthink helps companies develop and execute on their exit strategies. We are also a licensed broker/dealer and experienced investment bank with experience finding buyers for your business and executing sales transactions.

Growthink University offers articles, videos and courses which expertly guide entrepreneurs through the process of planning for their exits and actually selling their businesses more quickly and at the highest possible price.
Mistake #6: Failure to Be as Productive as You Need to (And Can) Be

As mentioned earlier, there is one thing that every entrepreneur has in common with the most successful entrepreneurs – they all have just 24 hours in a day that they can use.

But the successful entrepreneur is able to use their time in a much more effective manner. Successful entrepreneurs employ numerous time management techniques in order to accomplish their goals.

These techniques include, among others:

- Avoiding activities that waste their time or are not worthy of their skills
- Delegating tasks and employing measures to make sure that these tasks are completed properly
- Conducting meetings sparingly, and maximizing the efficiency and effectiveness of these meetings
- Prioritizing their objectives and making sure that they focus on getting closer and closer to realizing their objectives every day
- Not letting daily “fire fighting” rule their days
- Creating annual, monthly, weekly and daily action plans and To Do lists and following them with great discipline
- Working in time chunks and refusing to be side-tracked by nonsense

Successful entrepreneurs set their vision and goals, and create plans to achieve these goals. They then break out these plans into numerous smaller pieces that can be accomplished in small chunks of time. And then, they make sure that they relentlessly complete these chunks.
The classic example of this is the entrepreneur who has a vision of writing a book. Since the task is a large one, it often gets brushed aside. Years pass and it never gets accomplished. The successful entrepreneur is the one who writes one page per day, every day. At the end of the year, their 365 page book is complete.

Growthink helps entrepreneurs create goals and action plans for achieving them.

Growthink University offers articles, videos and courses which expertly teach entrepreneurs advanced time management and productivity enhancing skills, thus allowing them to work smarter, and accomplish 25% to 50% more in the same amount of time.
Mistake #7: Failure to Systematize Your Business

Unsuccessful entrepreneurs act like crazy people. They really do. They are constantly in fire-fighting mode and solving the myriad of daily problems that arise.

Successful entrepreneurs, on the other hand, take a much more systematized approach. They figure out the business processes that must be performed, what the potential worst case scenarios are, and then build systems to handle them.

These systems include hiring and training personnel and creating easy-to-follow roadmaps.

Consider a typical McDonald’s franchise. Do you think the franchise owner is running around all day solving problems?

No, because McDonald’s has created amazing systems. They have systems for opening their stores each day. They have systems for preparing food. They have systems for taking customer orders. They have systems by which they handle customer complaints.

As a result, the owner can focus on building the business. We call this working on the business rather than working in the business.

When you are working in the business, you are knee deep in the day-to-day operations. You are fighting fires. You are doing $10/hour work that others can do. And you are not advancing the business.

Conversely, when you are working on the business, you are determining ways to make the business run more efficiently and more profitably. Ways to get more new customers. Ways to generate higher revenues per sale. And so on.

To work on the business, you need to create systems that allow others (your staff) to expertly work in the business. If tasks are repeated over and over, technologies or
routines must be established to make sure they are completed as efficiently and consistently as possible by current employees, and are easily taught to new employees.

By creating systems, not only do successful entrepreneurs enjoy life more (since they are not constantly fire-fighting), but they can successfully grow their businesses. In addition, creating these systems makes their businesses much more appealing to potential buyers, allowing the entrepreneur to reap both significant short-term and long-term benefits for their investment in systems.

Growthink helps entrepreneurs determine ways to systematize their businesses in order to operate more effectively, and in determining areas in which entrepreneurs should focus their efforts in order to grow revenues and position themselves for an eventual exit.

Growthink University offers articles, videos and courses which teach entrepreneurs how to systematize their businesses and build more successful organizations.
Mistake #8: Failure to Use Proper Sales & Sales Management Tactics

Entrepreneurs must always be selling. Selling to customers, to employees, to investors, to partners, and more. Whether they have formal sales training or not, successful entrepreneurs have great sales abilities.

Importantly, the best salespeople don’t sell products or services. Rather, they sell solutions to customer needs. They are problem solvers who are able to sell the benefits of their offerings tailored to one or more of the six basic fundamentals that all of us as humans want:

1. Desire for gain
2. Fear of loss
3. Security and protection
4. Comfort and convenience
5. Pride of ownership
6. Satisfaction of some emotion like love or hate or ego

Great sales people and entrepreneurs understand which of these six motivators are most important to their prospects, and sell into them.

In addition, great entrepreneurs understand advanced sales tactics. They know how to handle customer objections, they create and practice sales scripts, and they effectively up-sell, down-sell and cross-sell.

Successful entrepreneurs also know how to manage sales teams. They know how to hire sales personnel, and how to train and nurture them. Even when they hire a Sales Manager to build and manage the sales organization, the successful entrepreneurs stays in close proximity to the sales team, knowing that sales is the lifeblood of their organization.

In effectively managing the sales team, the successful entrepreneur:
• Hires the right team members
• Motivates and incentivizes the team
• Provides constant feedback and ideas for improvement
• Helps transfers skills from the best sales people to the others
• Creates an environment that encourages improvement and performance

Recently I spent time with an entrepreneur that I had not seen for six years since I helped him raise millions of dollars of venture capital. Six years before, he was a highly technical entrepreneur. He had no operating experience, but was world-class within his narrow technology field.

Six years later and his company had achieved lots of success. And what was the first thing I noticed when we spoke? Well, six years ago, all he talked about was the technology and how he was going to create it.

Now, all he talked about was his sales pipeline, calling potential customers, how certain customers were making repeat purchases, etc. Yes, his success today can largely be attributed to his ability to take off his technologist hat and put on the incredibly important sales hat.

Growthink helps entrepreneurs develop sales techniques and sales recruiting and training plans in order to build successful sales organizations.

Growthink University offers articles, videos and courses which teach entrepreneurs advanced sales and sales management tactics which result in dramatically increased revenues.
Mistake #9: Failure to Expertly Build & Lead Your Team

As you probably know, few successful companies have just one founder and no employees. Rather, successful companies are formed when entrepreneurs are able to expertly build and lead their teams.

Successful entrepreneurs are able to methodically hire the best talent and then effectively lead their workforce. In fact, according to management expert Peter Drucker, most businesses would double their profits if they increased employee productivity by just 10%.

Let me repeat this critical point - most businesses would double their profits if they increased employee productivity by just 10%. It’s that important.

Successful leaders boost employee productivity by doing many things, including:

1. Increasing employees’ energy, enthusiasm and motivation
2. Providing clarity on their goals
3. Setting challenging company-wide goals and objectives
4. Having formal plans for personal development
5. Providing employee coaching and mentoring
6. Sharing information with their organizations
7. Doing as they say and saying as they do
8. Encouraging feedback and ideas from employees
9. Providing helpful feedback on performance
Great leaders are not ones that work harder than their employees. Yes, they tend to set a good example. But they realize that their employees are the ones that do the heavy lifting. The successful entrepreneurs are the conductors. Their employees are the musicians. And when orchestrated properly, the result is brilliance.

Growthink helps entrepreneurs recruit the right talent to grow their organizations. We help determine their human resource needs, we develop job specifications, and we help find and recruit the right employees for our clients.

Growthink University offers articles, videos and courses which teach entrepreneurs how to expertly build and lead their teams in order to maximize growth and profit potential.
Mistake #10: Failure to Effectively Brainstorm, Select and Execute on New Ideas

Entrepreneurs must always be reading, thinking and brainstorming to find new and improved products and services and ways to run their businesses.

To come up with quality ideas, successful entrepreneurs do several things including:

- Investing time and money in education. They read books, attend conferences and commit themselves to lifelong learning. Their best ideas flow from the new ideas and concepts they learn.
- Leveraging proven brainstorming techniques and using them with their teams.

Even more importantly than brainstorming new ideas, successful entrepreneurs are able to expertly judge their ideas and figure out which ones are worth pursuing.

Great entrepreneurs use several techniques when assessing ideas. They start by separating strategic ideas from opportunistic ideas. While opportunistic ideas may bring in short-term revenues, strategic ideas drive the company closer to achieving its stated mission. As such, successful entrepreneurs weed out opportunistic ideas.

Successful entrepreneurs also judge new ideas by determining their feasibility and market potential. They conduct either formal or informal SWOT analyses, looking at the idea in the context of the company’s strengths and weaknesses, and in the context of market opportunities and threats.

And then, great entrepreneurs assess new ideas based on their opportunity cost. They understand that the time and money spent on new ideas means less time and money spent executing on existing ideas or other opportunities. These entrepreneurs determine early that the new ideas are worth pursuing.
Finally, once they determine that new ideas are worth pursuing, successful entrepreneurs are able to convert those ideas into executable action plans. As stated in other areas of this report, great entrepreneurs are able to establish reasonable goals and break these goals into smaller attainable action items that they and their teams can accomplish on a daily basis.

Growthink helps entrepreneurs uncover new opportunities, conduct feasibility studies to assess the merit of these opportunities, and create step-by-step action and business plans to execute on their ideas.

Growthink University offers articles, videos and courses which teach entrepreneurs how to expertly brainstorm new ideas, assess the feasibility of ideas, and develop successful action plans that covert their ideas into reality.