



How to recognize ...

How to recover...

How to avoid ...

10

**BIGGEST PITFALLS
IN BUSINESS**

FOREWORD

I recently sat with a friend and mentor to talk about our favorite subject - **Business**.

After a stellar career as CEO, my friend is now exercising his passion for helping to grow businesses by leading one of the local Centers for Entrepreneurship. During our conversation that he challenged me to put together a speech for his center on **The 10 Pitfalls Entrepreneurs Face**.

While putting the list together I spoke with colleagues, clients and other entrepreneurs to gain feedback on it's accuracy. What follows is certainly not the complete list, but the 10 pitfalls I believe most impact our daily world as entrepreneurs. And in many cases, those not handled properly may lead to many other pitfalls not listed here.

I then decided to make it not just a speech but to also turn it into a document entrepreneurs could download in order to recognize, recover and avoid these pitfalls. And then to give it away because as with the other various videos and work documents available on my website, it is my goal to help you build the type of business you need in order to live the type of life you want.

And that's what makes my approach to business different. I have a fundamental belief that at the highest level there's virtually no separation between our lives and the businesses we've built. At the highest level, both *better* embody your life's passions and feed each other because greatness comes when you embrace the fact that your business is a true extension of who you are while making apologies to no one for it.

Therefore, in order for entrepreneurs to be successful, both life and business have to be dealt with in concert because they are two sides of the same coin. And to do that you must adopt and adhere to a simple routine and build your process around it.

When reading through these pitfalls you'll notice the connection points to a process and it's this process that will help you to either avoid or quickly recover from any pitfall you may experience.

Thanks again for being part of my Pack and I hope the information that follows helps. And as always, do not hesitate to contact me with any questions you may have. I look forward to hearing from you.

Dwain

1: POOR EXECUTION

Building a winning business starts with execution and to do that you need a strong culture built on a high level of discipline. Your primary role as leader of the business is to drive it daily and foster a mindset that focuses on process rather than prize.

And it's not easy in this time of 'instant gratification'. I've found that any business leader can tell you where they are today and most can describe where it is they want to be in the future. But the winners can also describe **The In-Between**.

The In-Between is where the rubber meets the road and your success in business is wholly dependent on executing the tactics needed to get through it. It's filled with the small, seemingly insignificant tasks that if not taken care of today become missed deadlines or orders falling through the cracks in the future.

That's because *size doesn't equal significance* and winning organizations understand the importance of returning that phone call, sending that one email or scheduling that meeting **today** instead of putting it off until tomorrow.

Waiting until tomorrow to send that email or return that phone call seems harmless enough. But consider its impact the next time you miss your goal by one day, or find yourself constantly playing catch-up as deadline after deadline crashes down around you.

Great execution involves the entire organization and focusing on these three areas:

- **Planning**—You must have a written plan. This gives you a document against which you judge the progress of your organization and team. Without it important tasks may fall through the cracks causing delays or missed deadlines.
- **People**—Business is easy until you add people into the mix. How you hire, train, develop and harness your team will spell success or failure.
- **Communication**—Business is dependent upon your ability to communicate...period. Whether it's internally to your team about the work to be done or externally to the market about your goods or services, your ability to communicate is vital to success.

2: UNCLEAR IDENTITY

In order for the marketplace to pay you what you're worth, it must know exactly what to pay you for. In other words, *who are you and what do you represent as a business person?* If you try to be all things to all people you'll find yourself running in place. The faster you figure out exactly who you are in the marketplace, the faster you get to the cash.

If there's a **lack of consistency** in your bank account look to your Mission Statement. A clear mission statement is your litmus test against which all opportunities are judged. If it absolutely fits within the scope of your mission, you'll excel. If it misses, even by 5% you'll struggle.

And it's not hard to figure out if you answer the following questions:

- What are your life goals – where do you want your business to eventually take you?
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- What is your business sweet spot – what within your business are you most passionate about and are better than your competition at providing?
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- What do you want your customer to experience when dealing with you – what do you want them to say about you in the marketplace?
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Once you've answered those questions you can more easily compose your Mission Statement. Below is the Mission Statement I created six months after starting my company and it's still valid almost 20 years later.

We are dedicated to providing a unique environment where leaders of growing companies can achieve greater profitability and breakthrough performance through shared knowledge, on-time information and skill development.

It is focused and defines my deliverable - *greater profitability and breakthrough performance*. As well as their experience – *a unique environment where leaders of growing companies can achieve greater profitability and breakthrough performance*.

My Mission Statement has helped me focus and build a successful company. Defining yours will save you both time and money as well as give you a competitive advantage in the market.

A great mission has these distinct elements:

- Clear vision/direction for the company
- Clear strategy on how you plan to achieve these goals

3: UNCLEAR GOALS

Business Goals:

Once you've identified your ultimate life destination, it's time to focus on your business goals. The way to ensure that your business goals correspond to your life vision is to think of your business in one year increments.

The reason for one year and not five years like your life goals is that much like a cross country trip requiring multiple 'legs of the trip' to get there, it's important to break down your five year plan into increments everyone can buy into.

Keep the goals strictly focused on the business as your team doesn't need to know about the 40 ft. boat you want or the cabin in the mountains. They have their own life goals and focusing solely on the business allows them to see 'what's in it for me' and that ensures buy-in.

In order to get there you need to begin with the end in mind by using **Scenario Planning**. Write a paragraph or two forecasting where the business needs to be one year into the future within the context of reaching your ultimate life goals.

Describe in high level detail where your company will be one year into the future and assume that all goals have been reached (sales revenue, workforce, product development, etc.)

Here's an example:

It's 12/31/XX and our company has achieved the goal of \$XX in revenue. We expanded into two new market locations, the first in YMZ and the second in CDI. These locations generated X in new business and allowed us to continue promoting from within. It also required that we create the position of Director of Operations.

Promoting from within along with the new hiring and retention program we instituted had a great impact on our overall our employee turnover ending the year below 4%. Retaining key employees has positively impacted net income by X% or \$XX.

By bringing focus to where your business needs to be you give everyone involved a clear understanding of what is required of them and ensures their buy-in.

What's your Scenario?

4: NO PLAN

Once you've determined where it is you want to go in life and what your business goals are, it's time to plan. Unfortunately, the business world has come to mistake lengthy strategic planning sessions for a workable plan.

We're handed a long list of questions by consultants and advisors who put us through days or weeks meetings in order to produce a detailed plan.

I simplify the process and believe that...*Planning is nothing more than stopping to think about the things you KNOW you need to do...before you do them and then writing it down. It's a roadmap!*

There's no need to spend weeks planning or distract half of your team only to end up with a big honking binder filled with information that no one uses. And you don't need to hire some expensive consultant to help you either.

Simply figure out how to achieve your one year Scenario (See Unclear Goals) and write it down. After all, if you don't get Year 1 right, the rest will be pretty much moot. And you want a plan that's no more than 1-2 pages in length that focuses on the **tactics** needed to achieve your Scenario. It simply needs to identify what each member of the team needs to focus on daily to successfully turn your scenario into reality.

What you want is a straightforward roadmap that's easy to use, to the point and in the moment. This way you never lose sight of what you must focus on daily to successfully turn your scenario into reality.

Build your plan around:

- Where you're going
- What your marketplace needs
- Who needs your product/service
- How you deliver your product/service

You have a good plan if:

- Clearly defined roles
- Designated authority / responsibility
- Defined systems / processes
- Reporting structure with dates

5: MEDIOCRE TEAM

Business is easy...until you add people. If you give one person a particular task, he is in total control. But, add another person into the mix and total control is gone; the most you can hope for is influence. This means that every company is, in their own way, dysfunctional. This is because business involves multiple people with competing agendas that, if not managed, lead to conflict and poor performance.

On any given day a company of fifty employees has around 200 individual agendas waiting to slow it down or run it off the road. Family obligations, internal personnel issues, vendor or client problems can easily add up and hover over any business like a rain cloud.

Therefore, the only way to maintain direction and focus is to accept the fact that your organization is inherently flawed, and work with it accordingly. Here are the ways I get teams to consistently perform at the highest level.

Team Building – Great teams are built around great missions. If you don't establish a common goal that is challenging, yet achievable; one in which everyone believes, you'll never become a high performance organization.

You need a vision so vivid that everyone joining you will either gladly buy into it or leave entirely. There can be no middle ground.

Talent Inventory – As business leaders, we count physical inventory, but rarely do we take the time to inventory the talent (people) within our organization. The quality of which directly affects a company's ability to perform at the highest level. The wrong mix of talent in a growing business can be a recipe for disaster, so you must review your talent once a year.

When doing so consider these two questions:

- Knowing what you do about the employee, if they applied for the position today, would you hire them?
 - If the answer is no, then you must consider replacing this employee.
 - If the answer is yes, answer the next question:
- Does the employee have the talent and ability to move to the next level within the organization?
 - If the answer is yes, develop the employee's skills to effectively grow with the organization.

Tips:

- The best teams are built around a clearly defined mission
- Harnessing the power of your team is a step by step process
- Conduct a talent inventory of your entire staff
- Apply their skills and abilities to the work to be done (Your plan)
- Make sure your managers know / understand each other's personality and communication styles
- Fit matters

6: POOR LEADERSHIP / MANAGEMENT SKILLS

In order to successfully lead an organization, you must understand the difference between Management and Leadership. Management is defined as doing things right and Leadership as doing the right things. Both require different focus and skills in order to be effective.

Management is when you focus on the inside of the company paying close attention to each individual's style, goals, needs, and motivation.

Successful managers focus on three areas:

- **Personnel** – Make sure your team has the intelligence, experience and most of all talent to perform the tasks needed to grow today and into the future.
- **Process** – Develop standard operating procedures and hold people accountable to running them.
- **Performance** – Set high standards and hold people accountable for achieving the outcomes necessary to grow the organization. The greatest favor you can do for your team is to establish a winning mindset and not back down from it.

Leadership is when you look more to the future focusing outside of the company at the competition and changes in the marketplace. It requires a broader view of the world where you assess the future and consider alternative paths forward. This is strategy mode when you focus 3-5 years into the future.

Successful leaders focus on three areas:

- **Vision** – Gretzky attributed his success to always skating to where the puck was going.

Where are you going? _____

- **Strategy** – Identify the moves you'll need to make in order to achieve your 3-5 year goals.

What is your Strategy? _____

- **Communication** – It's the fuel of execution because your company cannot perform at a high level if you do a poor job of communicating.

What do you Communicate well? _____

Where do you need to improve? _____

7: POOR COMMUNICATION

Achieving top performance in business is hinged on your ability to communicate *well* and in order to communicate well you need to understand a few fundamentals:

Need to Know – “Who needs to know the information, how do they get it and when?” Not everyone in the business needs to know everything. In fact, sharing too much information can be worse than too little. So think twice before sharing as you may be diverting the focus of your organization.

Time Factor on Meetings – This corresponds to when they need to know. If you meet once a week you are discussing a two week span of time – the week prior and the week coming up. Meet once a month and it’s a 60 day span of time; once a quarter and it’s a 6 month span of time. Therefore you must consider the pace of your business and how you need to meet.

The 3 Types of Business Meetings – There are only three meetings in business and you must know how and when to use them, because all meetings are not created equal.

- **Group Meetings** – This is a meeting where three or more people come together and discuss one or more topics. These meetings are designed for high level discussions but often get bogged down by too much detail and small talk.
- **Cruise-By Meetings** – The most overused and least effective way to communicate in business today. In the name of efficiency, you *cruise-by* a colleague’s office and drop in saying “Got a sec?”, or “Quick question for you...” This spontaneous meeting leads to poor communication and items falling through the proverbial cracks because the person being interrupted has little time to properly focus.

It also causes a huge waste of time in companies. Example: The person interrupted was in the middle of a 20-minute project. After the discussion it doesn’t just take 10 minutes to complete. It will take at least another 15 - 20 minutes to complete -- now that their focus has been broken.

On the surface, ten minutes doesn’t seem like much. However multiply that by the number of employees you have and that’s the amount of productivity you lose each day in your company by trying to “save time” with these meetings. That’s if they only happen once!

- **One-on-One Meetings** – The least-utilized, yet most effective and important meeting in business today. However, these kinds of meetings are usually held infrequently and therefore done poorly.

The one-on-one meeting is where in-depth conversations happen allowing you to convey the why behind the how. It’s where the real coaching and true ‘crucial conversations’ take place.

Productive business meetings include three things:

- A clear goal and outcome.
- What you expect of your team members and by when.
- What your team members can expect of you, and by when.

8: POOR RESOURCE NETWORK

Strong business networks aren't built over night and require a lot of time and effort, which is one reason few ever build one. Another reason is that when just starting out building a network can seem as complicated as rocket science.

You walk into a room filled with people you do not know but need to – and questions begin to rattle around your brain. How to start the conversation? What do you say when you do? How do you not look dumb in the process?

These thoughts cause a lot of people, young and old, to stand in the farthest corner of the room with a drink watching conversations and counting the minutes until they leave. But it doesn't have to be so – you simply need to execute the **Law of Reciprocity**.

Simply put, the law states that if you do something for someone, they will in turn do something to help you. In networking, this help comes in the form of introductions so after shaking hands and exchanged names, here are the four questions I always use during the conversation and why:

- **Tell me what you do?**
- **What does your customer look like?**
- **What brings you here today/this evening?**
- **Who within this room would you like to meet?**

These four questions allow you to play matchmaker both during the meeting and afterward. Having a strong list of resources you can refer to clients and other resources gives you a strong advantage in the marketplace.

Your network is the turbo charger on your economic engine – you may not always use it, but it's sure nice to have when you need it.

Who do you have / need in your network?

9: POOR SELLING PROCESS

“People do not buy from salespeople because they understand their products but because they felt the salesperson understood their problems.”

A sales call is nothing more than a conversation between one person with a problem and another with a potential solution. How you manage that conversation determines if you get to the second, third or fourth call, much less make the sale.

Every prospect is different with different motivations. Therefore, your conversation needs to be different. Unfortunately, we often get into a pattern on sales calls where we ask a few warm-up questions and then eagerly launch into the features and benefits of our offering.

But unless you are selling a product where the only differentiator is price, you must prove value by figuring out the why behind the what. This requires that you create a series of process questions that focus on developing their needs and solving the problem.

Selling is a learned skill and the right questions will take the conversation in-depth so you can clearly understand your customer’s position and problem. And once that’s determined, it becomes a simple process to determine whether or not your solution fits.

Therefore, you need to formulate questions that cover the following four areas:

Circumstance – What is the current state of their business?

Issue – What is the need?

Consequences – What are the pain points associated with the issue?

Benefit – What will their life be like once the solution is implemented?

Adhering to this process is crucial to the customer assessing the true value of your solution. Only after you’ve gone through an extensive questioning process where the customer voiced a specific need can you begin to explain how your product or service solves their problem.

Once you’ve summarized your benefits, get the customer to agree to next steps. Most often it will require another meeting with more people in the room and that’s OK. The goal of each call is to move the process to the next level.

Remember, the consultative/solution based sale is the beginning of a long term relationship with your customer. Each step along the way needs to bring you one step closer to finalizing a great partnership.

Tips:

- Gain an in-depth understanding of their business.
- Gain an in-depth understanding of their needs.
- Determine their number one priority when solving the problem.
- Close the deal or schedule the next meeting date.

10: LACK FINANCIAL KNOWLEDGE

More companies go out of business in a growth mode than any other. The reasons range from an inadequate understanding of corporate financial statements to simply not paying attention. Where the only solution for not paying attention is to pay attention, gaining a good understanding of your financials is a different story.

Early on we simply track the state of our financial affairs represented by the balance in our checking account before graduating to the P&L (Profit and Loss Statement). However, as your business begins to grow you must better understand your Balance Sheet and a term called Working Capital. Working Capital measures how much in liquid assets a business has to grow.

Liquid assets are cash or any asset that can be quickly converted into cash, i.e. inventory or accounts receivable. This number can be positive or negative depending on whether the amount of assets exceeds the debt. Meaning the more Working Capital you have and how well you manage it determines how quickly your business will grow.

Financial management is a learned skill and unless you are inclined toward numbers or have a degree in accounting, this may be somewhat difficult. The good news is there's a lot of help available out there. I recommend you reach out to one or all of the following:

Commercial Bankers – Forging a close relationship with your banker pays great dividends as you grow because it is their job to understand all facets of finance. Quarterly meetings with your banker to review your financials will help you to understand what bankers look for in your financials. On the flip side, it will give your banker greater insight and as such will make it easier for her to help you with a loan should you need one going forward.

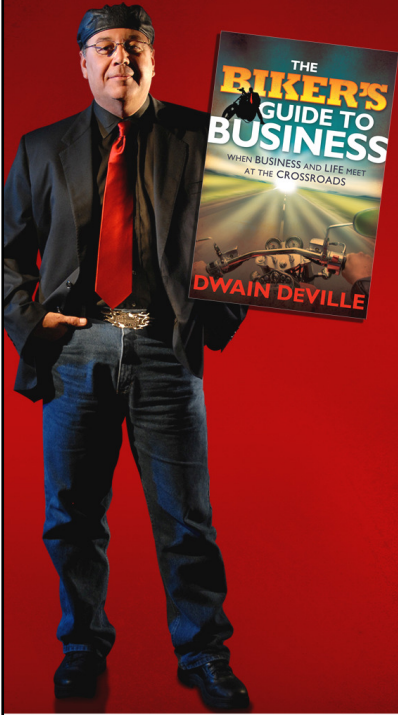
Accountant – A good accountant is worth their weight in gold as they can help you to not only understand your financial statements but also avoid taxes going forward.

Chief Financial Officer (CFO) – Once a business reaches a certain size forecasting and tracking financial information becomes very important and needs greater oversight than either your banker or accountant can provide. CFOs are usually ex-bankers or accountants who've decided to play a larger role in business and offer counsel far beyond just the numbers. You can start out hiring them on a part-time basis until you grow large enough to justify this position full time. I recommend you find one with clients or experience in your industry as the best practices they will bring are invaluable.

Financial Seminars – Look for a seminar on Finance for non-financial managers. This will give you a working knowledge of financial statements that will greatly enhance your conversations with one or all of the above experts.

Understanding how money feeds your organization is as important than how it comes into it. It is the fuel for your business and the last thing you want to do is run out before you hit the finish line.

**“Its about Success in
Business and Life!”**



About Dwain M. DeVille

The Man Behind The Biker's Guide

- **Author**
- **Professional Speaker**
- **Radio Personality**
- **CEO/Founder of WaterMark International**

I have the privilege of working with top CEOs and entrepreneurs through my workshops, one-on-one coaching, mastermind groups and the innovative Retreat On Wheels. My clients cover the spectrum of business from small enterprises to major universities and corporations, including the Fortune 50.

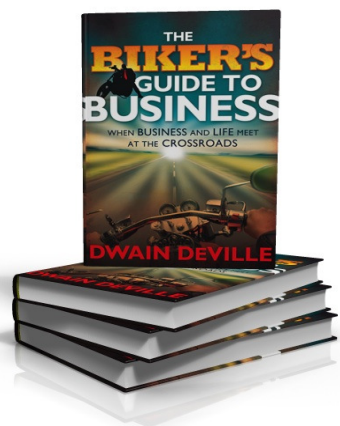
Over the years, my innovative Navigation Process has played a critical role in these business leaders achieving success. My no-nonsense business philosophy and approach in the areas of organizational systems and processes, personnel issues, and most importantly work / life balance helps the entrepreneurs I work with to grow and thrive.

After a life-threatening bout with cancer I wanted to balance my personal life without sacrificing any of my business goals. So I took a long road trip on the bike to clear my head and found the answer. The result is my book – *The Biker's Guide to Business*.

Published in 2009 by John Wiley & Sons, it will help rev up your personal engine as you redefine your journey in business and in life. Simply put, it's designed for anyone wanting to build a successful business without giving up on life.

On the personal side, I live in Central Florida and enjoy riding every month of the year. I've earned Iron Butt status while touring many parts of the country and Canada. After all the miles traveled, the appeal of motorcycling remains as strong to today as it was at the age of 16 when I first threw my right leg over that Honda 100.

*After all...
Success is much more gratifying when you can also enjoy
the lifestyle that comes with it!*



To purchase my book go to:



For more information on my services go to:

www.BikersGuidetoBusiness.com

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- **Tactical Planning Sessions**
- **Workshops**
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- **Retreat on Wheels**
- **Blogs**
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Or if you just to chat, email me at Navigator@BikersGuidetoBusiness.Com

Either way, I look forward to the connection!