TheEntrepreneur's Guide to Financial Maturity®
CommonBusiness Mistakes to Avoid When Presenting a Business Plan – Part II

Getting too technical too quickly:

No matter what kind of business an entrepreneur is in, entrepreneurs are proud of their accomplishments and wish to share the intricacies of their accomplishments with others. Often, instead of describing the "big picture" of how their product or service is unique and why it should matter to potential customers, entrepreneurs describe the "nuts and bolts" of the process, system or invention.

Most potential stakeholders want to understand functionality before the details become important. Unfortunately, sometimes entrepreneurs loose sight of what is important to the listener or assume that the listener has prior knowledge of the process, system or invention when they do not. Either of these events occurring can cause a"disconnect" between the entrepreneur and the stakeholder. As an observer and advisor, it is easy to see that it's the entrepreneur's enthusiasm delivering a message from his or her vantage point and not from the vantage point of the listener.

When discussing your process, system or invention your approach should be similar to the "elevator pitch." You want to use it as a catalyst for dialogue. Further, you do not want to get too technical and disclose anything proprietary until you:

- ➢ Have conducted your due diligence on the person/company asking the question (including legal due diligence)
- ➢ Execute an appropriate document that is satisfactory to your attorney, such as a non-disclosure agreement
- ➢ Have patent protection

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Not having an Outside Board of Advisors:

Often small business owners and owners of family businesses fail to recognize the need for a Board of Advisors. I hear many excuses as to why companies do not have one. The two primary excuses I hear are:

- ➢ I/we own 100% of the company, I'm responsible to myself. I don't need to report toanyone.
- ➢ I can't afford the cost.

What many entrepreneurs fail to understand is that even though you and your "partners" own 100% of a company, you still need objective outside intervention. This outside intervention will help to keep you focused on achieving your goals, identify opportunities and fend off potential problems. Most of us work better when we establish deadlines and have to be accountable to others. The deadlines provide the timeframes to accomplish the assigned goals. The accountability feature assures that the goals are accomplished.

Often entrepreneurs leverage the strength of their Board members. For example, a bio-tech or pharmaceutical company may have several highly credible medical practitioners ,teaching and research doctors on their Boards. This helps establish credibility within their community. Can your business be helped if your business gained additional credibility?

Your Board members have their own contact base, which may be made available to the business owner. Often the Board members contacts can create opportunities, reduce learning curves and reduce the time it can take for the business to achieve itsgoals.

Boards should not be viewed as overhead. In the long run a Board will pay for itself with increased focus, better understanding of business and improved management.

Not Securing Appropriate Legal Counsel:

By the very nature of being in business, you will require the help of an attorney. Attorneys are needed to start your business, in the selection of your trade name, in protecting your logo and in every phase of your business operation.

Most stakeholders will ask for your attorney's name early on in the due diligence process. Often your attorney is called as a reference check.

Your attorney should be a member of your Board of Advisors. As your business is being discussed, if issues arise, the potential legal issues should be addressed sooner rather than later. The attorney should provide practical legal guidance at various phases of your business operations and hopefully keep the business "out of trouble" as it grows. The old adage of "an ounce of prevention is worth a pound of cure" holds especially true as it pertains to legal issues.

Hiding Past Problems:

We have all made mistakes. After all, how many people do you know that received 100% on each test that they have ever taken? The fact that you may have had a business failure, went bankrupt, or have credit dings means that you are as human as the next person. If you had problems, don't hide them. You must be truthful, no matter how embarrassing it might be. If you learn from your mistakes, you are that much closer to success.

Honesty, integrity, communication and trust are the corner stones of any relationship. If your stakeholder feels that you have been hiding or misrepresenting significant information it could, at a minimum, change the relationship.

Not Having References:

Stakeholders want to know who they may be doing business with. Some of the primary reasons for references are to assess the following:

- Character
- Prior experience
- Ability to lead
- Ability to communicate both good news and bad news
- Ability to work with others and get the job done
- If there were any unpleasant surprises – why they occurred and how they were handled

With today's access to information, you should expect that certain stakeholders will pull your credit report and search for outstanding litigation against you. If there are problems, address them before the problem surfaces.

Who can vouch for your character? The time to find out is before you contact stakeholders. It adds credibility if, when a stakeholder asks you for references, you can provide names, and contact information immediately.

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