

Building business

WORDS ALAN MANLY, ENTREPRENEUR AND AUTHOR

ENTREPRENEUR AND EXPERIENCED SME MANAGER ALAN MANLY SHARES HIS TOP FOUR MISCONCEPTIONS ABOUT STARTING A NEW BUSINESS.



MOST PEOPLE HAVE an opinion on what they believe are the best concepts to have in mind when starting up a new business. A list soon develops of what would ensure a start-up can sustain enough growth to become a great company. This generally includes things like: putting customers first; your staff are the best asset; treat suppliers with respect; and only offer the best quality product or service. These concepts are great, but for an entrepreneur starting a new business, grandiose concepts can sometimes hide misconceptions.

So let's take a look in more detail:

PUT CUSTOMERS FIRST

Everyone knows that customers must come first — after all, there is simply no business without customers. The concept here is that everything a customer wants must be delivered; the argument being that customer satisfaction will be assured thus building a happy customer base, which is an asset for the company. The link between unreserved pursuit of customer satisfaction and business success is a misconception. Such a commitment would put the company on an upward spiral of costs that will lead to zero profit. Of course, the customer satisfaction rating must be acceptable, but it needs to be delivered at a market cost that attracts customers and gives you a profit. Satisfied customers and no profit means that you will be broke and the customers will happily move on.



YOUR STAFF ARE THE NUMBER ONE ASSET

Some successful companies preach this concept. It is a loose application of the old adage that success has many fathers and failure is an orphan. If a start-up goes well, there is an expectation that the successful entrepreneur graciously thanks everyone, especially the staff. But if the start-up fails, rest assured it will be the start-up entrepreneur's fault — that means you. Here's a simple test regarding the value of staff. If a major brand sacks many of its staff in a cost cutting move, does the company collapse? Often the company does better by reducing the number of staff and the associated costs. Therefore, we must conclude that the staff made redundant were not a number one asset. The misconception here is obvious. Don't worry too much about your staff — they will look after themselves. You as the entrepreneur are responsible for keeping them motivated and happy. If you fail they will move on. Staff are smart enough to look after themselves. They will be doing what you should be, which is looking after number one.

TREAT SUPPLIERS FAIRLY

This misconception is that you and your start-up have power to change supply chains. Why would you need to think about protecting a supplier who probably has more understanding of their business than you? Surely suppliers are in business and can look after themselves. The suppliers have most likely seen start-ups like you come and go. You will be flat out begging a line of credit from these suppliers — the same ones you wish to protect. Invest your time looking after yourself and your start-up.

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PROVIDE ONLY THE BEST QUALITY

Another subjective concept that misleads start-up entrepreneurs is the subject of quality. Quality is truly in the eye of the beholder. Professional organisations have quality assurance departments. That means that the quality is measured and assured to the required standard. Not too low and not too high. Quality will reflect what the cost will allow and still deliver value for money to the customer.

These misconceptions can cause a lot of trouble and unnecessary heartache for new businesses. Should you be successful, of course it would be gracious to thank everyone along the way. Meanwhile, until great success comes along, you're best to stick to making your business a success and looking after number one. **1**