



LEADERSHIP SUCCESS

7 THINGS THAT ENTREPRENEURS CAN LEARN FROM FAILURE

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The image of entrepreneurs is often one of brash, overconfident individuals who are compulsively competitive. However, in the right environment, that competitiveness — and the failures that ensue — can be very revealing.

Imagine you're at a gathering that includes a few entrepreneurs. One way of firing up the conversation is to ask openly: "What is the biggest business mistake you have ever made?"

Stand back and enjoy the frankness of not only what those major blunders were, but with a little prompting, you can add "What did you learn?". Their revelations will be a treasure trove of useful insights. And those insights will most likely boil down to one of these 7 points:

1. "Nobody is perfect"

This is a common catch cry. But behind every failure is an interpretation of the cause. And, yes, that super confident entrepreneur so often will declare, 'I got it wrong!' The first lesson is often personal fallibility.



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2. “Everything went wrong!”

“You won’t believe it, but absolutely everything went wrong. It was like water torture. Nothing went as we planned”. It’s Murphy’s Law: if it can go wrong, it will.

The entrepreneurial equivalent is the old rule of “the three by two”. Rule one: Things take twice as long as planned. Rule two: Costs are twice what you budget for. Rule three: The whole process is twice as hard physically and mentally as what you expect.

3. “Loyalty doesn’t exist in business”

Self-advantage is king. Your best customer will kindly share that when a lower price elsewhere forces them to review your service.

Police claim that crime never sleeps. Entrepreneurs know that the competition not only never sleeps, but it steals clients 24/7.

4. “Don’t mix friends with business”

Sometimes old friends decide to share the next stage of life’s journey and go into business together. Few friendships survive the experience. The stories may get a laugh in hindsight, but so often the pain shows through.

The lesson is not absolute, but the risk is high when you mix friends with business.



5. “Partnerships have a use-by date”

They all start out the same: good relationships with good intentions. Mutual understanding of a startup’s goals is easy when it is all a dream. As time goes by, though, holes emerge in the business plan. The screamingly obvious one often becomes the exit clause for one or more partners.

But while dreaming of changing the world, who thought an exit clause would ever be needed?

6. “Don’t have one bank”

So many startups trust their bank. Yet those who have failed so often mention that it was the bank who pulled the rug from under them. It may even have foreclosed, not on the business, but on the family home.

The left hand does not need to know what the right is doing, so it’s often best to have one bank for the home mortgage and another for the business.

7. “Don’t have one accountant”

Whilst banks are – and should be – treated as lenders not friends, it’s also wise to have one accountant who is working for you, and another good person working for the company.

Many entrepreneurs have learned the hard way that when things go south in the company, it’s easier to see your options when your personal and business accounting are separate. And knowledge is power.

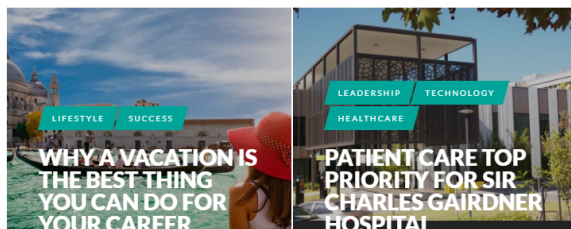
Some people would say that all lessons are costly. But stories of failure, even told in humour, can be a huge opportunity to learn from the past – whether that past is your own or someone else’s!

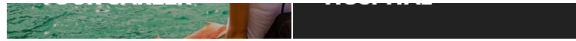


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