

Avoid these mistakes when growing a business

Starting a business is a good thing, but success is not always guaranteed.

In June 2016, Niall McGarry, founder of Maximum Media expressed his frustration about Ireland's startup culture and the notion that just because a new company raises money, it is seen as a success.

“Startups: Getting funding is *not* success! Success is attained through proving your business model by achieving sustainable profitability,” he said on Twitter.

He went on to warn that new companies shouldn't 'celebrate' raising funds because raising money is not proof of a business model.

“People should look to create a *business* not a startup,” he declared.

McGarry, himself a successful business person, is, of course, correct.

Eleanor McEvoy, CEO of Budget Energy Northern Ireland says that success in business is all about the balance sheet, it's about making money and having sustainable cash flow.

“You have to remember that success in business is all the bottom line. It's about making money, not feeding your self-image. If it's ego you are after, you'd be better off doing something else.”

While running a business can be rewarding, for most, it is an experience fraught with threats. A new business is most vulnerable during its first few years of growing pains.

Below are five ways to give your business the best chance of growth.

Choose your partner (s) carefully

It's a good idea to go into business with another person. If they are your friend or a family member, make sure everyone knows what's involved and what could happen before you start. Many businesses have been started by siblings, and many families have 'rifts' as a result.

Sign an agreement that sets out the rights and obligations of each partner. You may trust your business partner at the start, but things can change quite quickly as the firm either starts making money or losing money.

READ MORE: [Hire the right people.](#)

Set a vision

What is your mission in business, do you have a mission statement?

What do you want to achieve in the first six months? What's the long-term game plan for the business?

You need a solid business plan, and you need to review your goals regularly. Everyone working in the firm should also be very aware of what the goals are.

Make sure your goals are realistic, achievable, measurable and easily understood.

READ MORE: [Download our free business plan template to build your vision.](#)

Become obsessed with cash

Turnover is vanity. Cash is the reality. Most small businesses fail due to lack of cash flow.

You must learn about cash flow, how to manage it, how to plan for shortages, how to forecast your sales, and how to pay the tax man, suppliers, and employees.

Also, make sure you have a good accountant who understands the sector you are in and can help when forecasts go wrong.

Banks also need to see cash flow plans if you require a small business loan.

READ MORE: [How to fix cash flow issues.](#)

Understand your market

How well do you know the sector you are entering? Why would someone buy from you, rather than a competitor? What's your USP?

Too many small business owners fail because they just didn't do their market research. You may have always wanted to open a florist, but how will you compete against the online giants and will there be enough footfall to justify your existence?

Before you go into business, you should have a vast knowledge of the sector you're entering and have the creative intelligence to do battle with and beat your competitors.

READ MORE: [Developing a good strategy.](#)

Look for regular advice

Networking – [Michael Dawson](#), the founder of the Gift Voucher Shop (One4All), said if he were starting again, he would network more, go to all the business events he could and look for advice. “You need the support such networks offer if only to have someone to listen to your whinging. The comradeship, the comparing of disasters, it all helps. When you’re on your own, you’ve no one to talk to, no one to listen to you. Sure, when you’re successful people will listen, but it’s when you’re on your way up that you need it.”

Also, always seek professional advice when it’s needed. If it’s a matter relating to tax or the law, professional advice can often save you time, energy and money. All the things you need most to run your business.

READ MORE: [Do I get tax back if I sell my business?](#)