



Common Errors Entrepreneurs Make Avoiding them in Adversity

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Outline

- ▶ What is wrong with us?
- ▶ 3 words from the 1980s
- ▶ Fossil economy
- ▶ Why businesses fail?
- ▶ 3 saving words of this decade
- ▶ Difference between business person & entrepreneur
- ▶ Common errors

What is wrong with us?

IDB Report 2017

- ▶ Dutch disease
 - ▶ Lower levels of private sector investment
 - ▶ Declining labour productivity
 - ▶ Mismatch of skilled labour
 - ▶ Training can make a difference
 - ▶ Credit to private sector is below relative to others
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- ▶ Are we back to the 1980s?

3 words of the 1980s recession

- ▶ Receivership
- ▶ Refugees (status)
- ▶ Vagrancy

Our economy

- ▶ We have **fossil** economy
- ▶ We **mine** for fossils (fuels)
- ▶ We are **archaeologists**
- ▶ We are in other words-**historians**
- ▶ We are without a **future**



“THE Stone Age did not end for lack of stone, and the Oil Age will end long before the world runs out of oil.”

Sheikh Zaki Yamani, ex-Saudi Arabian Oil Minister

Why this economic adversity is different?

- ▶ We are a **high cost**-low volume producer
- ▶ We have a global **oversupply** of oil + shale, etc
- ▶ We have killer **climate change**
- ▶ Will the world move away from oil & gas?
- ▶ **Petro-sink**
- ▶ First oil then gas.. Then...

Business failure

- ▶ Businesses fail when they are out of **alignment** with the environment
- ▶ Two ways to go out of business-slowly then **suddenly**
- ▶ The task at hand is to **adapt**
- ▶ This requires both management & **leadership**

- ▶ **Do we have any saviours?**

3 saving words for the our time

- ▶ Intrapreneurship (entrepreneurship)
 - ▶ Innovation
 - ▶ Internet
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- ▶ Why are we not capitalizing on this?

Businessperson vs Entrepreneur

Business Person

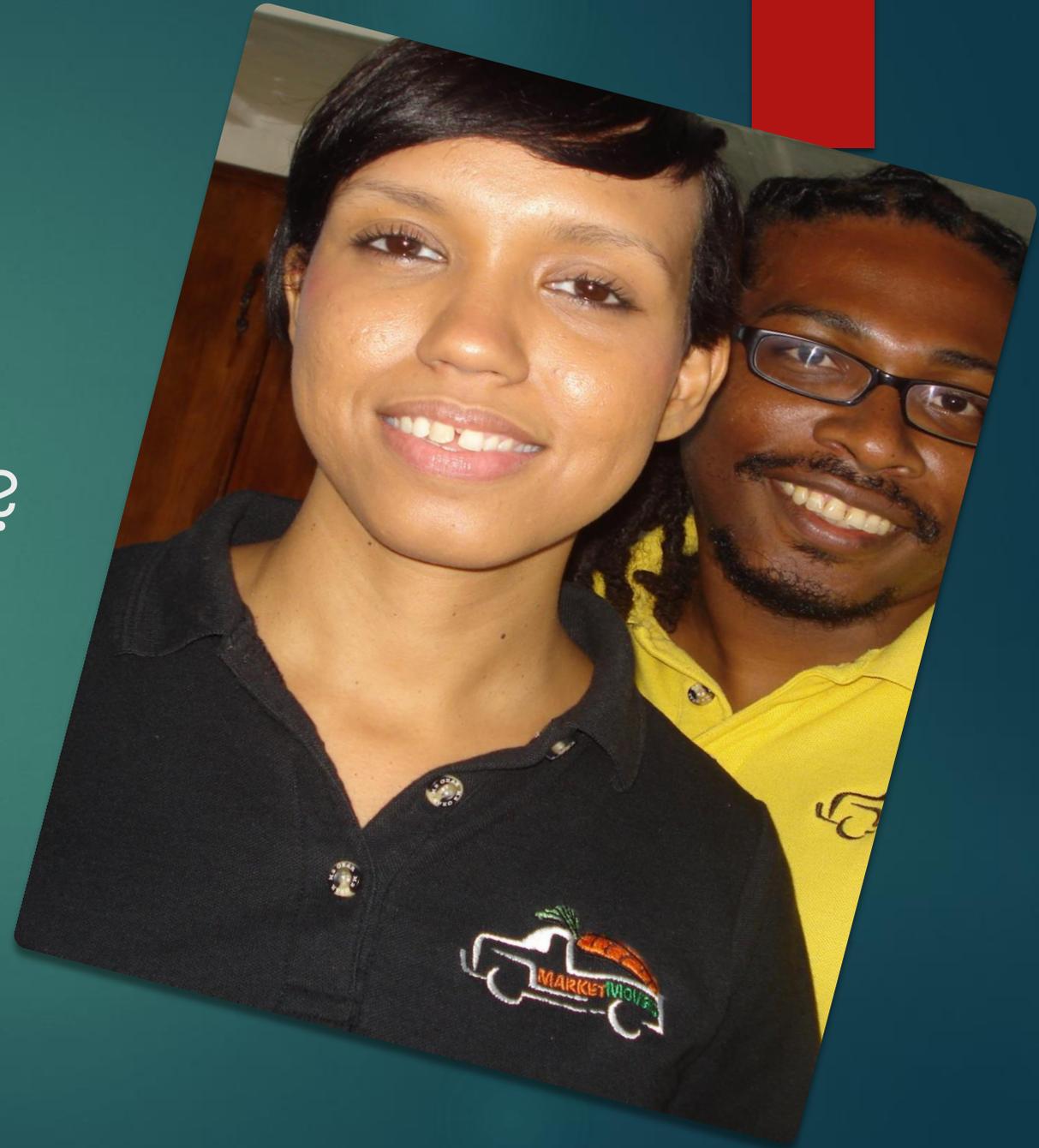
- ▶ Owners of small businesses are not **leaders**
- ▶ They tend not to be **dominant**
- ▶ Are seldom **innovative**
- ▶ Today is **yesterday**
- ▶ Do not grow at a **rapid** rate

Entrepreneur

- ▶ Own a **sizable** part of the market
- ▶ Create markets
- ▶ Develop new **products**, processes & biz models
- ▶ Today is **tomorrow**
- ▶ **Fast** growth-Gazelles

Would start a business
selling produce online?

Market Movers did





8 Common Ways SMEs fail

WHAT TO DO ABOUT IT (BRIEFLY)

Failure #1: to focus on the future

- ▶ Today is yesterday
 - ▶ Energy myopia
 - ▶ Assumptions
 - ▶ Rear view mirror
 - ▶ Blind spot
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- ▶ Solution: Understand that the game is changing, need for new & innovative ways

Failure #2: to plan

- ▶ Big mistake many SME Entrepreneurs make
- ▶ Planning is about making plans & Changing.....
- ▶ Business planning achieves 3 things:
 1. Work out the hard numbers in the business
 2. Attract investors (banks, shareholders)
 3. Create a sense of direction

Solution: Write your Business Plan. Seek help.

Failure #3: to manage cash flow

- ▶ Probably the **biggest** mistake
- ▶ Cash is like **gas** in your car
- ▶ SMEs face many negatives
 1. Some don't get credit or loans
 2. Many large clients take a long time to pay
 3. SMEs are cash sponges

Solution: Treat cash as king, do a cash flow statement, get more cash customers

Failure #4: to manage family business dynamic

- ▶ 50-80% of all businesses globally
- ▶ There is no state policy
- ▶ Family Businesses have a big **competitive** advantage
- ▶ Family **conflict** can be ruinous
- ▶ Failure to **succession** planning, strategic planning & poor governance & **growth** issues

- ▶ Solution: Vast body of knowledge on how to deal with

Failure #5: to innovate

- ▶ When was the last time we were innovative? (Hint: 60 years)
- ▶ Innovative or Disintegrate
- ▶ Two types: sustainable & disruptive
- ▶ Product, service, process
- ▶ Doubles is not innovation but.....

- ▶ Solution: Intrapreneurship: collective intelligence of the organization

Failure #6: to focus on marketing

- ▶ Focus on the customer then competition
- ▶ Invest in old & new media
- ▶ Pricing with customer value creation in mind

Solution: Always focus on what value you are creating; inside the mind of the customer is the best perspective

Failure #7: to separate personal & business finances

- ▶ Many SMEs do not have a policy
 - ▶ Micro businesses are **cash sponges**
 - ▶ Small businesses still need more capital
 - ▶ Medium businesses-**cash cows**
 - ▶ Know what is yours, what is the business's
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- ▶ Solution: Have a dividend policy and make sure not to flash too much (watch the next generation)

Failure #8: to manage employee motivation & productivity

- ▶ HR power-most powerful resource
 - ▶ Intrapreneurship: Employees to think like entrepreneurs
 - ▶ Marketing teams: Sell like entrepreneurs
 - ▶ Innovative ideas can come from anywhere
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- ▶ Solution: Entrepreneur's job to mobilize the collective intelligence of the organization

Final Word/Questions

We (entrepreneurs) are the most powerful group in TnT.

I will make no apologies for that!

May you always think entrepreneurially!