

10 start-up pitfalls for young entrepreneurs to avoid

Given South Africa's high youth unemployment rate, estimated to be around 60%, starting and growing a business is a potentially enriching career path for a young person to choose, not only financially, but also mentally and socially.



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While having your own business has great future potential, entrepreneurs, particularly the youth, also need to be aware that it is a difficult path.

“The business discontinuation rate in South Africa remains higher than the established business rate – which refers to a business that has been in operation for more than three-and-a-half years. This means that businesses are closing at a faster rate than the rate at which new businesses are being established in the country. While this high rate of discontinuation affects all entrepreneurs, it puts younger ones at greater risk as they may not have the industry experience or resources that older, more experienced entrepreneurs may have access to,” says Anton Roelofse, regional general manager at Business Partners Limited

He provides 10 common pitfalls of starting and growing a business, and what young entrepreneurs can do to avoid them:

1. **Over-thinking your idea:** Planning is crucial in business development, but over-planning can be paralysing. Renowned South African entrepreneur, Anton Rupert, famously said it was fortunate that he did not know all the risks that he would face in building his empire, otherwise he would never have started. Many of the major risks involved in a new venture cannot be predicted and, as such, cannot be planned away. At some point, entrepreneurs have to confront risks directly by implementing their plans.
2. **Getting stuck behind your desk:** Once a business has launched, entrepreneurs are required to be in the office regularly to plan, think and re-evaluate; it is key to your business' survival. However, be careful not to get stuck there, because some of the best business thinking is done on the job, informed by the practical experience of managing a growing business's operations, marketing and administration. Start-up entrepreneurs have to stay visible on the shop floor and in the market.
3. **Over-thinking the timing:** Timing is important and has to be carefully considered, but it is never as simple as waiting for the economy to improve. Starting a business in a difficult economic environment can create various opportunities, such as cutting start-up costs by, for example, buying second-hand equipment at auctions from businesses that have gone under.
4. **Same old, same old:** Entrepreneurship is about doing things better, sometimes through a radical new idea, but other

times by providing subtle differences in the customer's experience. The key is to differentiate from the competition, while also constantly improving business processes and operations over time.

5. **Neglecting your tech-savvy edge:** There are many different ways in which technology can make business quicker, easier and more efficient – providing a definite advantage. Younger entrepreneurs must be aware of the natural edge they hold by being more in tune with technology and exploit it as much as possible.
6. **Being an island:** While many entrepreneurs may be the sole owners of their business, it's very difficult to successfully grow a business completely on your own. Staff is needed, but just as important is having a support network of experts, professionals, mentors, advisors and friends. Professional expertise such as legal, labour and accounting services are expensive, and in the beginning, young entrepreneurs might have to rely on more informal forms of advice, but the important thing is to spend sufficient time and effort in seeking it out by networking in the business world.
7. **Neglecting training:** Very few young businesses can afford to employ highly qualified individuals. In the beginning, most businesses employ people with minimal experience and train them up on the job. The monetary value of their pay package might be low, but an implicit part of the deal with such workers is that they will gain skills specifically in line with the business. Neglect this delicate understanding at your peril, as training staff is a crucial ingredient of a business' success.
8. **Trying to do everything yourself:** At the start of your business you are probably going to have to do everything from watering the pot plant to doing deliveries. Not only does this save scarce start-up capital, but it also provides a good sense of what the work entails before appointing a worker to do it or outsource it. However, it is very important that entrepreneurs move away from operational tasks by delegating or outsourcing the work as soon as you can, as this allows time to market, network and think strategically about the business.
9. **Living out of the till:** Entrepreneurs who fail to separate their business finances from their personal finances rarely last the distance. Budgeting and cost control is crucial for business survival, and an important part of the discipline is to pay yourself a fixed salary, based on what the business can comfortably afford, and to stick to that, even if it is low in the beginning.
10. **Underestimating the value of a few years' work experience:** Young entrepreneurs might be so eager to get started in business that they forego work experience. There are some famous examples of entrepreneurs who have never worked for anyone else, but they are the exceptions. The majority of successful entrepreneurs start off by working for someone else, and using the opportunity to learn how an organisation works from the inside out, before they set out to build their own businesses.