7 STARTUP BLUNDERS

Deadly mistakes that kill startups

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To every startup in a hostile terrain; and those
who are bent on becoming great companies
in the coming years.

And to the world's most exceptional team at StartUp+

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Introduction

Growing a startup can be a really huge responsibility, especially at the beginning when you are the only employee playing every role in the newly formed organization. But all the efforts invested by the passionate startup entrepreneur can be sent down the drains within an instant; in the twinkle of an eye, everything can come crashing down. Usually, the crash is never announced, just like those sudden autumn rains that come pouring down as though the earth and the sky had a disagreement the night before. In the case of startups, the weight of the blow can be deathly.

No startup is immune to mistakes; in fact, as a startup entrepreneur you must be willing to make mistakes again and again, and again and again, and again and again. And you must be smart enough to glean the lessons from the mistakes you make, make necessary mental and active adjustments and move ahead. Sitting in the pool of one's errors defeats the whole essence of making mistakes. Mistakes are actually opportunities to learn critical lessons that cannot be learnt and mastered in a better circumstance. And evading mistakes is a disservice to yourself, your business and your potentials. It denies you of the opportunity to make better decisions and respond differently in the future—when it matters the most. So, mistakes are actually your most memorable lessons in business. Once you learn from them, you will never forget them. The pain, loss and sense of hindsight all come together to drive home the lesson.

However, there are major mistakes that cost you too much as a startup. An anonymous thinker quipped, “Experience is the comb life gives you after you have lost your hair”; that is the problem with major mistakes. In church, my pastor calls them destiny mistakes. These major mistakes are the kinds that can ground your enterprise, so they are to be avoided. They have the capacity to delay your greatness, so they are best evaded. They are the kind of mistakes a startup entrepreneur makes that turn a “hairy” startup into a bald enterprise before handing them a comb—the lesson. After major mistakes, what should

permitted and bound to make in the process of growth. The problem with these ones is that the consequences that follow those mistakes are too grave compared to the lessons learnt afterwards. In my opinion, why not learn what not to do ahead so that you can tackle such situations the way someone who has learnt the hard lesson after the grave consequences will. That is wisdom: avoiding the mistakes of others.

It is said, “Experience is not the best teacher; other people’s experience is.” That is the approach I want to encourage you to take as you read this short but instructive book. I won’t go into long details but I will attempt to hit the point right on the head. The strength of an insight is not in many words but in the efficacy of their impact when implemented. This is a prequel to my upcoming book on the same topic of blunders. In that one, I will show you with examples how those mistakes are made, what the consequences are, what you need to do to avoid those mistakes and practical tips for getting out of the mess with minimum damage in case you have made one of the major mistakes.

Following now are seven insightful and instructive chapters on the 7 startup blunders as delivered on my radio show: Effectiveness on Radio on Praiseworld Radio (Africa's #1 Online Gospel Radio Station). You can tune in on any Monday at 1PM (GMT +1) West African Time. You may not hear me talk about startup blunders, but I will certainly be speaking on a vital subject that affects startup entrepreneurs or folks whose career is entrepreneurship.

Learn all you can. Share this e-book for FREE. Avoid the major mistakes that kill startups.

You are an Icon!

Adeleke David Adekunle *(Mr. Effectiveness)*

Founder, StartUp+ Africa/Asia

Chapter 1

LOCATION BLUNDER

Make your house close to your business location; don't take your business close to your house.

Simple as it sounds, it is the capital cause of stagnation of some startups. The reason is that there is a temptation to decide in favor of convenience than rightness. Only right decisions evolve into effective results. It is not uncommon for startup entrepreneurs to commit this killer blunder, and they have genuine reasons for that. For some, it is inability to afford office rent in the right location, for others it is the mutilating stress involved in commuting from where they live to where the right business location is. For others still, it is their family. They cannot take the costly step of moving their family from where they live to where their business location should be. And there is the great reason: where we bought or built our house is far away from where the business location is. Honestly speaking, these are genuine reasons to be seriously given thought before making a crucial decision. But are they really reasons to give up your startup to the ripping jaws of location blunder? While the reasons are genuine, a move in favor of them sets up the business for death or stagnation.

Location Blunder Pie

There are three main ways to commit location blunder, and they are shown in the location blunder pie.

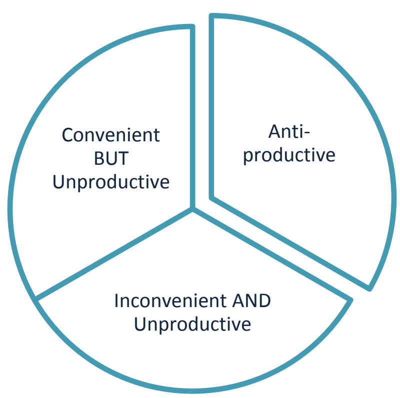

Figure 1: Location Blunder Pie

The summary of location blunder is situating your business in a convenient but unproductive location, inconvenient and unproductive location or an anti-productive location. This is a capital mistake that costs your business millions of dollars and possibilities that can never be measured. Of the three kinds of wrong locations, obviously the anti-productive location is worst. That is a location that is antagonistic to your business yet they stick there as though the business is a parcel of land that is fixed.

Some people locate their business in a place that is not convenient (isn't too far from home) but unproductive; such a location is detrimental to the business. Whatever it takes for you to situate your business in the right location, go ahead and take the step. You can actually locate your business in the right place but not live there. I made this location blunder earlier when I started business, and for two years that looked like twenty years, business dragged. Then I heard a more experienced consultant, Dr. Gbenga Adebayo, tell me to find an office in a right location even if it is just for correspondence. I thought about the possibility of getting such a place. Then it occurred to me that I had a friend cum client who could render that favor. Once the move was made, so many things opened up! It was magical. Perception changed from clients and prospects. I had to overhaul complimentary cards, and started passing nights in my elder sister's house which was closer to the right business location. That marked the beginning of a lot of good things. My business of selling satisfaction through the skill of management consulting took on a new turn; one I don't regret.

So, are you committing the location blunder? Or you're about to commit it? Let me ask you a few questions:

Have you seen a Mercedes Benz showroom in a suburb?

Have you seen someone hawking swimsuits in a business metropolis?

Have you ever seen a car hire business in a rural area (what we call village in Nigeria)?

The obvious answer is NO. Why? The reason is that there is no reason to situate such a business in that location. Doing such a thing will be a disservice to oneself and a mockery of intelligence.

That leads me to the most important insight you must commit to heart when it comes to location blunder: **the where is as important as the what**. Friend, your business location is as important as your product. Don’t give all your attention to your product at the expense of the location where that product will be sold.

Here are some indicators to look out for:

1. Target Group

   The target group for your product is very important in identifying the right business location. When deciding on your business location, be sure that your target group live there, work there or visit there. If your target group does not engage in any of those three, make a U-turn. If they live there, then you have the opportunity of engaging them in the morning, in the evening and on weekends. That will perfect for a drycleaning and laundry business. If they work there, that means your peak period will be during work hours and a couple of after work hours. A wide range of businesses like restaurants, car parks and shopping centres fall in this category. If they visit there, then entertainment and arts businesses are great buys since the customers are tourists. Just ensure that your target group satisfies at least one of the three; that will help you plan your sales strategy.

2. Suppliers

   Give consideration to the location of your suppliers, especially if you are into a distribution and sale business. Where your suppliers are coupled with the effectiveness of the existing distribution network should help you make the right decision. Most manufacturing companies situate their factories outside town and distribute products with trucks to businesses within town. If you don’t have such an advantage, you may want to be closer to your suppliers to keep your logistics expenses low. If you are a retailer, ensure that your supplies are not too far, particularly if you are responsible for moving the products to your outlet. This is very vital.

3. Competitors

   Where are your competitors located? The location of your most profitable competitors is classic intelligence for you to make a decision about where your business location should be. Cosmetic distributors do not bother wasting their time attempting to break into new market locations. They just look out for shelves where similar products are or where competing products are, and they do all they can to position their own products on that same shelf or on the next. Sweet Sensation, a fast food business in

Nigeria, applied just this indicator and that business is a swell! They adopted a strategy to locate their fast food restaurants beside or opposite their number one competitor at the time, Mr. Bigg's. Before anybody could say Jack Robinson, wherever there is a Mr. Bigg's outlet, there is a Sweet Sensation outlet. In time, Sweet Sensation took over industry leadership with consistency in quality and innovation.

4. High Value Network

   High value networks that have the capacity to make huge and/or repeated purchases from you should give you an insight into where would be a suitable business location. Find out where they spend most of their time, it will give you a clue where you can set up your business.

The questions now are: where are my target customers? Where are my suppliers? Where are my competitors? Where is my high value network located? Correctly answering these questions will get you over and beyond the location blunder.

Chapter 2

HIRING BLUNDER

Never hire whom you cannot fire.

Hiring adventures, for a startup, can be filled with headaches. Yes, they are adventures because the startup is prone to making critical mistakes in the hiring process. The problem here is that a wrong hiring decision impact greatly on a startup than on a larger organization. Take a look at the math:

A startup of two staff hires a wrong third person; the effect of the wrong hiring decision is one out of three, which is a 33% negative impact.

A large company of 99 staff hires a wrong 100th person; the effect of the wrong hiring decision is one out of hundred, which is a 1% negative impact.

Consider that the larger company has a financial cushion, has operating systems and experienced professionals to negate the effect of the 1% wrong hire while the startup is left to deal with a lethal 33% negative impact from just one wrong hiring decision. That is a glimpse of the cost of committing a hiring blunder. Now imagine a one out of two hiring error…50% impact is as good gambling the survival of the startup. That is why the hiring blunder must be avoided at all cost. And where one is made, be quick to fire just as you were quick to hire wrongly. Refusal to take this critical step can lead to consequences that can take a long time to crawl out of. I made this mistake at the very beginning of my business but thankfully, I was able to realize it before the effects became really grave. The very first hiring decision was really bad. The second was worse. This one misrepresented what the brand I was building stood for. At some point, he would come to my home office and just doze for hours on the couch while I was loaded down with the laborious work of thinking about what strategies to deploy and how to organize the resources needed for execution. I found myself working for the young man that was supposed to be helping me build the business. I didn't have to be told; it was time for him to go. Don't be told too; fire! That lesson was learnt in my third year in the University when a business man counseled me on my entertainment startup business where I was having issues with my General Manager (my friend) who was getting too influential for control getting near taking over leadership without an actual succession initiative. He said, "Never hire whom you cannot fire!"

Hiring Blunder Matrix

Most hiring blunders come in one of these four categories shown in the Hiring Blunder Matrix below. They are the most common of the ways startups commit the almighty hiring blunder. Let's take a brief look at each of them.

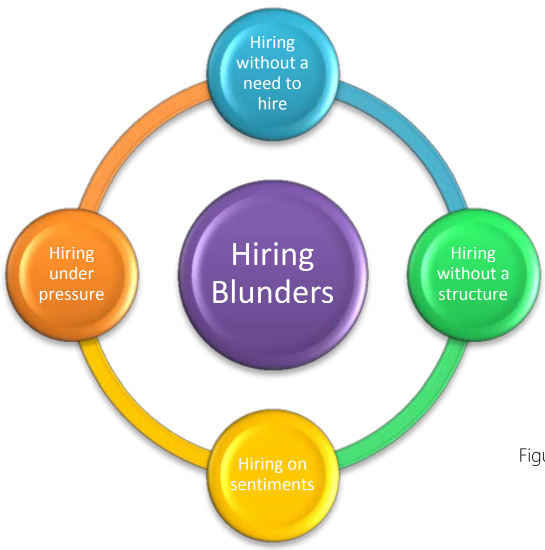

Figure 2: Hiring Blunder Matrix

Hiring on sentiments is all too common among startups. This includes and is not limited to hiring on grounds of personal relationship. The idea behind this blunder is that the startup entrepreneur thinks that *since the person to be hired is well known to me, it should even be easier and faster to get things done*. How I laugh! The reverse is the case. The person thinks on the other hand that *since this person hiring me knows me well, I should get some preferential treatment. He or she should understand when I don't do certain things.* Familiarity breeds contempt; don't try it! This can be one of the most lethal hiring blunders a startup can make. It happens when a man hires his wife because she is his wife. Or they hire a relative or friend's relative because of the relationship. They forget that a personal relationship is no guarantee for a smooth official relationship. The demands of an official relationship are a lot different from those of personal relationships. Hey startup, she is your wife; when you become her boss, the equation changes completely. He is your friend; but when you become his boss, nothing stays the same. And so goes for all hiring done on sentiments; they always result in very unpleasant hullabaloos. Abstain, for your startup's sake.

Hiring under pressure is one big bad idea. Usually, someone gets on your case because the person in search of a job; and you are crowned the savior that came down from heaven with a job in one hand and a fat salary in the other. They pester you with phone calls, bait you with emails and text messages, they even start working for you from home and send you reports. Before you can think straight, they are just perfect in your eyes! You begin to use descriptive articles like passionate, committed, hardworking, creative, innovative and more. Unknown to you, they are looking for something; and just like a man who is hunting after the woman of his dreams, they will do anything to convince you that they are the best hiring choice you will ever make. At the end thereof is a destructive workplace atmosphere. I watched this happen to one of our clients. I must admit that I was also swept away by the hypnotic moves of this lady. She was just so on point! Nothing else mattered. When I was asked what I thought, the evidences laid down by the MD were irrefutable. I concurred without a word. She resumed and was very pleasant to have around until the yeast in her showed up. Alas! She was a tale bearer! Workplace atmosphere turned depressively negative; a place that used to be a place you want to go became a place to avoid. It didn't matter anymore how talented and skilled she was. It was obvious she had to go; and that became a move to strategically execute. We succeeded at it but not before the two newly recruited staff resigned, one of whom was a potential the company lost. When the pressure comes like that, as it will surely come, give no face. Become a solid rock that cannot be moved; it won't be far-fetched to say you should become unemotional. But don't get carried away by the luring moves; they're not all there is to know.

Now I do not mean that everyone who comes knocking is a wrong hiring decision. I'm simply asking you to do due diligence before making a hiring decision because of the complicated consequences involved. Follow due process, make all findings, and confirm all information received; then decide. Don't base your judgment purely on the person's disposition while they were wooing you to choose them—their way of getting what they want. When the chips are down, they will get another job while you will be left to deal with the consequences your organization and you will bear.

Hiring without a need to hire is similar to hiring on sentiments, only this time you are taking the initiative to hire as a form of assistance to the person involved. When there is no critical need for a new staff, any hiring decision made falls into this category. As always, it turns out to be a sour experience for both parties. The poor fellow who didn't ask for a job becomes a victim while you the Good

Samaritan ends up a wounded benefactor. It makes no sense at all. Placing an unneeded hand on salary at the organization's peril is a foolish decision. Don't hire, in an attempt, to show how considerate you are to a staff saddled with the workload of two roles especially where no role is suffering a lag. If you don't have to hire, don't! If there's no need to hire, don't!

Hiring without a structure is a terrible hiring blunder. It is by far the most deadly of the four categories. Such a startup lacks an organizational strategy. The truth is that wherever there is no structure, what is happening is there is merely *runz;* it is not a business. The laws of profitable businesses are universally true, and one of them is the law of systems which is founded on the principle of order. An organizational structure shows the tasks that must be carried out and what title the office that carries out each role bears. It shows how talents will be organized within the organization. Merely thinking of the word *organization* tells it all. An organized nation. You should hire according to the dire needs of your *organization* not according to personalities available. Some authors wrote at a time, asking entrepreneurs to recruit at will the moment they find any talented person. They said to hire first then find where the person fits best. That is wrong. Locate the need first, and be sure it cannot be met with the current pool of talents you have before you look outward. Sometimes, someone on your team can stretch enough to satisfy the demands of another role where there is a need. The number of staff you have does not correctly show how big your company is. The higher your staff strength, the higher your staff turnover propensity.

And when you need to fill roles within your organizational structure, we advice at StartUp+ that you start filling from the top down not from bottom up. It is gross error to startup a business and make your first hire a receptionist or office assistant. Those roles do not have the capacity to make direct contributions to organizational growth. Rather, you can start by hiring a General Manager or Marketing/Sales Manager. Those roles higher up the structure have the capacity to directly contribute to growth and profitability; I believe that is your reason for hiring in the first place. Remember I mentioned the capital impact of making a wrong hiring decision as a startup. Now flip it over and imagine the capital effect of making a positive hiring decision. Now that smile on your face is what I want to see when you make a positive hiring decision higher up the structure. It can be richly rewarding. I've tasted the rewards of hiring at the top level; and I should remind you that it comes with its own challenges too. But it pays off eventually.

Chapter 3

PRICING BLUNDER

One price doesn't fit all.

How boring would life be if we were all female? Or imagine if all animals were just snakes; how interesting would the world be to you? Or think about if there was only day; night never existed. What would life be like? We would just work and work and work. Busyness will become an infection of mankind. What of if it was all night; no such thing as day? Then we will always be clubbing or sleeping or watching out against thieves. Life would be so gloomy and monotonous. You don't want such a world; why should you create such for your customers!

Customers are of different classes. And their class maintains and promotes a certain philosophy. They think in certain ways that other classes of customers don't. For example, upper class customers think that whatever is cheap is inferior. But bottom class people will readily compromise quality for price. *The cheaper the better*, that's their way of thinking. Now imagine your product being the same price for all classes of people. What you will be doing is creating a psychological disturbance for prospects. No doubt, some products are same price anywhere, for any class of customers; be mindful that those products are commodities that are not branded by price. We will come to that in a later chapter. Products such as pasta, milk and so on that have been highly advertised nationally and are in circulation across the country will often be the same price anywhere. Our focus in this book is for products and services brought to the market by startups.

Google has a product strategy: Create two of everything. If you study Unilever, they have two products of the same kind but branded differently for different classes of people. That is the way to reach both upper and lower classes without creating the psychological chaos we spoke about earlier. The goal is to ensure that the price of your product agrees with the way your target customers think about price. For upper class customers, have a high price with matching quality; for lower class, have a low price with excellence too. If you make the mistake of offering a poor product for a low price, your product won't last in the marketplace. Where a high price is proposed to lower class customers, they get put off and go in search of other products with lower price compared to yours. Remember, they will always put price above quality.

Whatever your product, there's a way you can package it for different classes of people, especially when it's a commodity that everyone has a need for. Milk is generally needed as water is. While it may be tough to have the same brand selling for different classes of customers, consider the innovative approach employed by the following products:

Dano milk is generally highly priced after Peak. Lower class customers hardly ever buy Peak milk (because they will readily compromise quality for price) but upper class customers will rather pick up Peak milk from the shelf than other lower priced brands (remember, quality above price). In an attempt to reach both classes, Dano decided to reach for the middle class (upper and lower middle class) and lower class. So they have the family size and King size Dano milk which most upper class customers will buy easily; then they have the Dano sachet which sells for N20. The sachet pack is bought by most lower class customers because they consider it as getting quality for a low price. In regions where upper class prospects live and work, you will hardly find the sachet package. If you do, it is not retailed; it's sold in rows or boxes. Recently, for the middle class, Dano partnered with a brand of cornflakes to create a combined product of cornflakes and milk for one meal. That will be mostly bought by middle class customers. In a direct sense, Dano sells one product—milk—to all classes of customers without altering the brand name or creating a different brand.

How can you package your singular product to suit the price psychology of the various classes of customers?

Water is another generally needed product. I once got thinking why anyone would think of selling water that people should naturally have access to at home, but I realized we are not always at home. And we mostly do not remember to carry a water bottle when leaving the house except children going to school. Water packaged and sold to us is the solution to our need for water anywhere we are. In Nigeria, there are three categories of water: Sachet water (popularly called *pure water*), table water (often referred to as *bottled water*) and water for dispensers packaged in big bottles. Sachet water (*pure water*) sells for N5—N10 in some places—and is readily bought by the lower class who as usual place price above quality. Middle class customers buy pure water too, but look out for the quality brands. And they buy in bulk for home use, especially in regions where potable water is a challenge. You will never find a middle class individual buying pure water to drink on the road; rather they go for table water selling for N50 (a 400% increase on the higher margin of pure water). In the table water category, there are price differentials based on price branding, so upper class customers rather buy the higher priced table water brands considered to be of superior quality from N80 or the 1L bottles selling from N120. Some middle class consumers who can afford dispensers.

Your constant question when determining the price tag on your product should be: What is the price psychology of my prospective clients/customers?

If you are in the service business where you have to negotiate prices with clients, then here's a piece of advice for you: negotiate with profit in mind not with insistence on a certain price mark. Ego gets in the way of rational reasoning. Your goal in business is not to sell at a certain price but to sell for a decent profit. When you do this, you lose credibility with the client. I am not of the opinion that you sell for a loss, but ensure that you are earning a decent profit rather than insisting on a certain price because you want to reach a price target. I'm writing this from a standpoint of experience because I made that mistake. I had price targets rather than profit targets. I turned down some offers and lost some opportunities because of this error. I repeat: focus on profit not on price. A decent profit will move your business forward but a price will only satisfy a sense of accomplishment in you. After all, what will you consider to be your gain?

Chapter 4

FINANCIAL MISMANAGEMENT

Finance without a plan never lasts in the hand.

This is commonplace. We all know it is a capital reason for business failure but that reason has not been turned into a reality for many of us. If you do not plan for your money, it will never last in your hands. Money not caged will grow wings and fly away. I try to live by the principle of enslaving money so that it can keep working for you. If you enslave a high percentage of the money that comes into your business, you will have many servants working for you doing some things that humans cannot do. No one is going to set up their backs for you to sit on in the office; money enslaved in a chair does that. Now I do not say that you should spend money strictly on furniture, I mean reinvest more of what comes into the business. That is the bias of financial management.

Maslow's law states that expenses will always rise to meet up with increase in income. If that law is anything to go by, it means that with every income your business records expenses to neutralize will show up leading you back to zero. Bank balance isn't the matter here, asset balance is. What assets that directly contribute to the survival and growth of your business can you plunge profits into? Assets aren't the buildings and real estate acquired. Assets for some businesses will be training, or a laboratory, or an innovation. There is something that the life of your business depends on that requires a good portion of your profits to be invested in it. Find it and invest in it consistently.

So what are the financial blunders of startups?

First, **absence of financial plan, policies and prudence**. These three go hand in hand. They are mutually inalienable. Let's take a closer look at them.

Financial policies protect business money from waste, loss, theft and over-spending. Financial policies cover behavioral restrictions as far money is concerned. Financial policies provide guidance on what is acceptable and unacceptable where money is concerned within your business. Financial policies set boundaries and checks for financial transactions carried out by your business. For example, all cheques received must be paid in within 4 hours from the time they are received. This policy ensures that the clearing time for cheques received is satisfied in time. It also prevents loss of cheques and the propensity to forget to lodge the cheques for clearing. Here are other policies:

- All cash payments received must be deposited into the bank account before they are allocated.
- No employee is permitted to receive cash payment from clients except authorized personnel.
- When paying out money, all payments above XXX naira must be made payable in a cheque.
- All petty cash expenses can only be executed with approval of the petty cash voucher by the AAAA.
- Salaries will paid only on Wednesdays and Fridays. If a salary payment date falls on any other day, salaries will be paid on the next available day of the two stipulated days.
- All payments received above N2000 (for example) must be made payable in cheque or via online transfer.

You can create your own financial policies as it suits your operations and nature of business. In essence, policies serve as police for how you handle monies that come into your business.

Financial plan on the other hand gives instructions on how monies received will be appropriated. This appropriation shows a complete breakdown of the whole down to the last bit. For convenience and effectiveness, we advice that you build your financial plan in percentages. A typical financial plan will look something like this:

Turnover (T): Total amount received – (Total cost of execution + Marketing)

<u>Appropriation of T:</u>

Savings (S):	20%
Administrative expenses (A):	40%
CSR (C):	10%
Profit (P):	30%

This is just a sample. Based on the priorities of your company, develop your financial plan. Make sure it is simple and easy to execute, and define the terms properly. What do administrative expenses cover for example? Such things as operating expenses (fuel/diesel, communication, transportation), salaries etc. ensure that all the terms are properly defined. And for the Christian business, you may want to necessitate that there is a provision for the tenth in your financial plan. That is covenant sense for the business according to kingdom principles. Jews take this very seriously and they have so much to show for it in results and ideas. Why shouldn't you who are grafted in take it more seriously?

Financial prudence is your commitment to following your financial plan and abiding by laid down policies. If you make the plans and lay down the policies and do not follow through on them unrepentantly, you have wasted precious time and energy. Remember, he who does not plan and he who fails to act according to plan are on and same. Prudence also governs the basis for approval of funds. Financial prudence requires you to observe frugality as a practice than being a YES wo(man). You must question the sheer necessity of every rising expense before approving it. Must we pay for this? Is there another way to get it without paying cash? Can we pay later? Can we pay in installments? Can we pay less for the same value? These are compulsory questions that surface when you're being financially prudent.

Second, **treating corporate funds as personal funds**. Almost every entrepreneur starts out this way. The almost non-difference in personal needs and corporate needs can be confusing and alluring until you suddenly find yourself in the blunder. However, I believe that you can draw the line of difference early on. It is simple: whatever is for your personal benefit is a personal expense, whatever is for corporate benefit is a corporate expense. As entrepreneurs, we treat our personal funds as though they belong to the company and it isn't bad. It is actually compulsory in the beginning. But treating corporate funds as personal isn't right. It will create room for laxity and kill financial prudence. So the advisable thing is to earmark a pay scale for yourself per job or per month depending on the nature of your business. Some startups have not yet reached the level of being able to execute a monthly pay, so the wise thing to do is to pay yourself on every job no matter how small. Pay yourself something!

Third, **lack of proper financial records that can be retrieved easily**. Not keeping financial records is one capital blunder; inaccessible records are another. The problem with lack of records is simply an issue of accountability. As an entrepreneur, just in case you were not told, you are the chief accountant, chief marketer, chief of operations, and chief of everything; what is called CEO. Don't for once think you are in a position that makes you superior in the world. It is the toughest role to play in the whole world. So brace up and meet up with the responsibilities you're saddled with for accepting or aspiring to be a CEO. Keep records daily. Have a notepad dedicated for this and write down expenses as you make them. And also remember to write down income as you receive them. You may not be able to sort through putting it together into a report but I think that should be no big deal. Every report reports what is required to be reported. So what do you want reported about your corporate finances? Let me guess...total income, classes of income, total expenditure, classes of expenditure. That is it then. Decide what classes exist in your own expenditure profile. Like transportation, communication, entertainment etc. The choice is yours. Just keep records that are easy to retrieve when needed, interpret when looked at and reflects the true state of your corporate finances. Getting training on finance for finance people is very useful to doing well in this regard, particularly when you get to hire an accountant. You will be able to speak from an informed point of view not just gulping whatever your accountant hands to you. You are CEO; you should know something noteworthy about everything.

In summary, take care of the cents and the dollars will take care of themselves. Take care of the kobo, the naira will care for itself.

Chapter 5

PACKAGING BLUNDER

Excellence is costly; mediocrity is expensive.

Packaging precedes preference.

Everything answers to the law of appearance—including humans. Have you noticed there are times that you've been carried away by how a thing looks without necessarily considering how good it really is? That is the effect of packaging. The appearance of your product or service is very critical to its acceptability in the marketplace. We all know how we literally pick one item over another because it "looks better". Looks do matter, even though they can be deceptive. It is often said that man looks at the outward appearance but God looks at the heart. The good intention notwithstanding, people will turn down an unattractive product or idea. Besides, are you trying to sell your product to God or humans? If I'm right that you intend to sell to humans, you'll be better off giving attention to the outward appearance of your product from before it gets seen by anyone.

Did you notice that man is the only living creature that gives consideration to how a thing looks before making a committed choice? Males hunt after females first because of how they look, then because of how virtuous they are. We generally apply the same rule to products and services. It's been found that biscuits with attractive packaging sell far more than those with plain packaging. The law of packaging is what advertising thrives on. Advertising projects the packaging of a product into the eyes of the prospect before the content. Advertising gives precedence to how the wrapper looks, the color of the product itself, what it looks like in action etc. That's why you see some products being advertised and you read something like: "It now comes in a new attractive pack". Does the "new attractive pack" make the product superior? You answer is as good as my guess. No.

For those in the service industry, your packaging comes in "how" you present your services and idea. That how must be really colorful and imaginative. It must take the prospect into dreamland. They must be able to see what you are not saying, and feel how you want them to feel. That feeling is very important to their buying decision. Generally, the service industry is harder to navigate where packaging is involved, but once mastered it is highly rewarding.

Knowing these, how do startups violate the packaging rule? What exactly do startups do that put them at loggerheads with their prospective customers? Finding the answer to this solves our critical puzzle. Let's talk about it.

Packaging Blunder Triangle

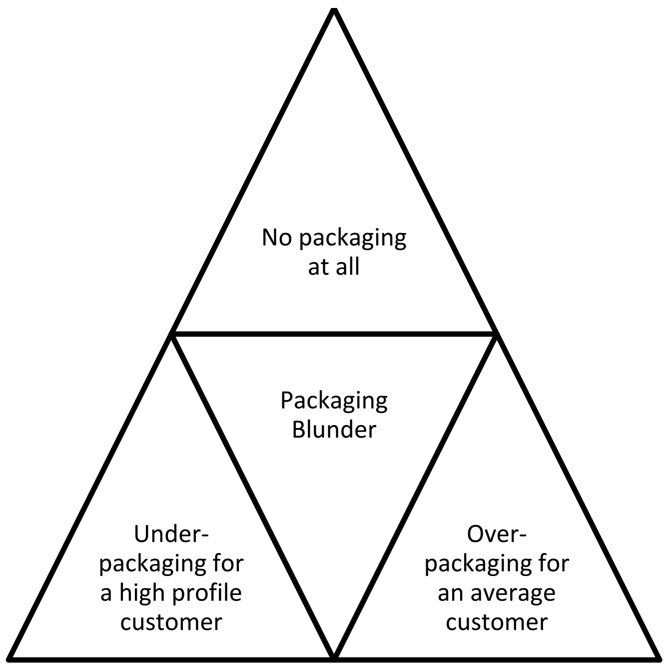

Figure 3: Packaging Blunder Triangle

Packaging for startups is usually an overlooked but essential aspect of the business. As we have in the packaging blunder triangle above, there are three major blunders. Let's take a brief look at them one by one.

First, under-packaging for a high profile customer usually happens for one reason: ignorance of the preferences of the customer. It all begins with identifying your target niche. Who exactly do you want to sell to?

Many startups cannot categorically tell who they are trying to sell to. On a recent episode of *EFFECTIVENESS ON RADIO*, where I teach startups and career people how to be effective in their endeavor, I taught on *What to do before You Start a Business.* In that very episode, I spoke about the critical need to identify and locate your target customer. I spoke about demographics, infographics and psychographics and how they help your customer definition.

Demographics deals with the distribution of people according to geographical location; infographics deal with statistical information about the customers you are looking for including purchasing power, number of dependents, age range etc; psychographics deals with the personality, values, opinions, interests, attitudes and lifestyle of prospective customers. These three factors are important to correctly identify your target customer.

Now that you have identified your target customer, which we can assume is a high profile customer with elite interests, attitudes and opinions. Many startups tend to make the blunder of packaging their product according to available funds or their personal preference. It has been found that high profile customers insist on quality without minding the price. That means that if it is cheap, they begin to question the originality and quality. The important thing isn't about the cost but about the quality. The packaging of your product must be of superior quality or of matching quality with others in the marketplace. Violating this principle sets up your product for failure before it gets to the market. A product meant for the elite yet bought by peasants is a failure still. Give serious thought to how your product/service/idea appears in the marketplace. If you intend to sell to high profile customers, then you need the rare quality called **excellence**.

Excellence, they say, is good to an unusual degree. That suggests that your product and its packaging must be good not just to a satisfactory level but to an unusual degree. Now that is a surpassing dimension. Give it whatever it takes; even if it means spending extra. It will pay off in the long run. Remember, excellence is costly but mediocrity is expensive.

Second, over-packaging for an average customer is a common reality with new generation startups. If you are reaching out to a conservative target group, you may not necessarily need a superior packaging. However, I do not suggest dropping to the level of mediocrity. You can be excellent for the preferences, opinions, attitudes and interests of the average customers you have as targets. Truth is that the moment the target group sees a highly packaged and expensive looking packaging product; they get scared and take to their heels. In their brains, a red flag goes up and an alarm blares creating panic within them. Their average customer software tells them this is too expensive for you, it will dig a hole in your pocket, you will waste hard-earned money buying this when you can get another good one for less and still have relatively the same value. It is an instant mechanism; and they retreat right away. They like it, they wish for it, but their psychology cannot contain it. The result: your product/service/idea suffers. It stays longer on the shelf or in your hands or in your head—not bought. All the while it is awaiting Mr. Right Buyer, overhead expenses are skyrocketing in transportation, communication, stationery, power etc. You are not fast enough to match your overheads and eek a decent profit. That is the beginning of crisis in business which if not managed well enough can lead to business failure. But what triggered it all? The simple but lethal over-packaging for an average customer blunder. When I first started out, I was busy over-packaging for average customers. I wanted to pitch my services to high profile customers, but they were generally out of my reach. Besides, I didn't have the necessary toys to pull the kind of stunts I needed to pull to get them to buy from me. When I realized it after almost three years, I started to reposition my packaging beginning from my offer. I changed what we offer to what resonates with the average customer's psyche. I crashed the prices to what they have no excuse to not pay but I maintained excellence as constant.

You can be moderate, yet excellent. Excellence is an attitude not an act. It should easily be seen in your lifestyle. Excellence is the usual in an unusual way; the ordinary in an extraordinary way. Excellence is a perfect attempt at perfection not necessarily perfection itself. That suggests that you are giving it your very best to what you are doing. It tells that you are putting your best foot forward in a quest for perfection. Now, we are reaping extensively from this change we made. The struggle ended when we stopped the blunder dead in its tracks.

Third, no packaging at all. Some folks are just so unbelievable! They have brains to think yet do not deploy it in the outlook of their product. But they easily quote, "How you dress is how you will be addressed". They have forgotten that how your product appears is how it will be perceived. No packaging at all depicts no value at all. No one pays for foolishness nor is anyone interested in placing a bet on a worthless idea. Average is never awarded just as a product without packaging at all is never given a second thought. This is especially common in the service industry where startup entrepreneurs do not take time to package what they are offering. They present it as crude as it is to all and sundry. It bears no difference, no value attached or inherent, and no creativity behind the whole offer. It is just a roadside pickup. It does no good to your product and to your brand as we will see in the next chapter.

Packaging is very simple; it is giving your product/service/idea a form and an outlook that appeals to the target group of customers it is designed for. Your packaging begins with the name you call your product. A name like “Ori Malu” (meaning cow head) for an alcoholic drink is terrible packaging if it is targeted at high profile customers. But for peasants, it is on point! And I believe it is for average customers. The appearance of the container of your product also matters. The colors, shape, graphic design and information available on the packaging are very important. Pay attention to all these. The final area of packaging is the product itself. After it has been bought, what will be the experience of the user or consumer while and after using it? How cumbersome or user-friendly is it? These are factors to take into consideration when building a solid packaging for your product.

I will end this chapter with a sight I saw in Ikeja, Lagos a few weeks ago. My android device had just stopped charging and so got drained of power so it wasn’t turning on. For days, I battled it until I found time to get back to the store where I purchased it some ten months back. I went there with confidence because I had warranty. They referred me to the care centre in Opebi, where I reluctantly went to. After taking down my phone, they discharged me with an appointment notice due in seven days. On my way home, when I got to Ikeja under-bridge, I saw by the road side a beggar with no feet. It wasn’t his disability that got my attention; I have seen several kinds of disabilities—both genuine and artificial. But this beggar was different. He was a packaged beggar. He had a red check shirt on with a mismatched tie to go with it. If he stopped there, I may not be caught but he also had a mismatched jacket worn on top of the edifice. Now, I felt like giving this packaged beggar some cash. I was partly impressed and partly deep in thought. I was to speak about packaging on radio in three days time and I stumbled on this unique sight. I couldn’t get down to give him any money but I took notice of him. On my next time on that road, I will look out for him. Though mismatched, he made an attempt to package himself as an executive level disable. There were others around the same place shabbily dressed like beggars. But it was hard to refer to this man as a beggar. Something made him different; he was not a beggar but a disabled man. The secret was packaging. I think if you correctly package your product/service/idea, it will not be just another but a unique product in its own right. That leads us straight into the focus of the next chapter. Flip over and let’s talk about Branding Blunder.

Chapter 6

BRANDING BLUNDER

People don't buy products; they buy perception.

Branding is a subject little considered by startups because of the general idea that it requires a lot of spending. Every startup is trying to conserve money; as such whatever causes spending, especially those things whose returns cannot be directly measured, trigger the alarm. But it is obvious that the way startups see branding is misconceived.

Why not let me ask you, what does branding entail?

Your answer…my guess…printing large format SAVs and signage, heavily paying a graphic artist to design a logo…not too far from what I thought. That's where startups get it wrong! Branding doesn't cost money. Branding only costs you glucose. Glucose because that it all you require to fulfill the non-transferrable responsibility of thinking about what your brand will represent. Branding only costs thinking. Deploying your brand strategy is what may cost you a little depending on the extent you are prepared to go. But all in all, it doesn't require spending to begin with.

Did you ever think at any point in your life about how you want to appear in public regularly, and what kind of hairstyles you want to wear at any point in time in a year? Did you ever think of a certain way you want to consistently speak, and the caliber of people you want to hang around? Did you ever think of dressing to match colors? Like matching the colors of your clothes, accessories, mobile phone and car? Did you ever make up your mind about some things that you will never be caught doing even in your sleep? That is you decided to totally stop doing those things because you never wanted your name and face to be associated with such things.

If you ever attempted any of these, you made an attempt to build a personal brand; and I'm sure it didn't cost you money to think about what really mattered to you as a person. There is really nothing different about branding for a startup. The only difference is the subject matter in focus. Rather than thinking about you, you are thinking about your company—the startup. Having this basic paradigm shift helps you to approach branding from the right perspective for the advantage of your company. Those other things that you may spend some money on are simply elements of branding; and they come up at the execution stage of a branding exercise. So let's take a closer look at the branding blunders committed by startups and the implications of making such blunders.

Branding Blunders of Startups

There are essentially three recognized blunders in this respect, and we will briefly consider each one.

The first branding blunders category is ***no plan or intention for branding***. These are the startups that believe it's not necessary to engage in branding because the most important thing is for them to make money. As long as they are making money, all is well. What many startups do not realize is that there is a purpose for branding. And what's the purpose? Visibility. Branding gives you visibility in a crowded market. Whatever the nature of your business may be, if you look around, you will notice that there are so many others offering the same kind of product or services you offer—in a few cases, in a different way. Without an intentional branding effort, you get smeared into the crowd. It's like being in the market and you are trying to tell something to someone a few feet from you but the person can't hear you because of the traditional noisiness of a marketplace. The only way the person will you is when you get close enough to the person for them to be able to hear what you're saying. Or on the hand, get a gramophone and speak into it. You will easily get heard. And if you really want it to go overboard, get some powerful speakers and amplifier, and speak into the microphone softly. I bet everyone in the marketplace will pay you some attention. Branding amplifies your voice and presence in a crowded and noisy business terrain. That's why you must invest in it. Without branding, you'll never get heard neither will you be visible enough to be noticed by the people you desire to notice you. How you intend to achieve that is what your brand strategy is made up of. I believe you are already counting the costs of having no plan or intention for branding. Startups entrepreneurs who never invest time and resources in branding their company get lost in the ebb of the noisy and crowded marketplace—they cannot be seen or heard. When industry awards come around, why is it that some startups we know are very good at what they do never get nominated? The answer is simple: they are not visible and are not audible. The right people do not know them—they neither see nor hear about them. And what of prospective customers who keep on buying a certain competitor's brand at the expense of your own brand? The reason is the same.

Second category of branding blunders is ***wrongly perceived branding yet unknown***. This category is tough because this particular startup has actually made a good decision to build a reputable brand. They have seen that to maximize their presence in the marketplace, they have to be both visible and audible. And so they have invested some time consuming efforts into building their brand. But wait, there is a problem. Their brand is wrongly perceived but they don't know it. Hahahahahahaha…very funny but true!

I saw a particular nylon bag at home; it was yellow with some brown patterns on one side of it. My first thought was, "*finally, someone can take Shoprite by the horns on this nylon strategy"*. I definitely concluded that my newfound discovery was a grocery with no name because I got wondering how come the nylon had no brand name on it. It was just yellow with brown patterns and carried no name or website. There was idea what they do or what kind of stuff they sold as a grocery. But in my own world as a management consultant and observer of the business terrain, this must be another grocery. So I started trying to think up the new names that emerged in the grocery industry while attempting to match them with the nylon. Interestingly, the following day was the day I was going to be speaking on radio about branding blunders and so it appeared just timely. I got on air with my co-host, DJ Acube, and started the show. As the show went on, he spoke about a startup selling fresh, oven-hot bread around town. This was a brand strategy—a very fantastic one at that. Then he mentioned what turned out to be a joker: they package their bread in a yellow nylon with brown patterns. I was taken aback! What! That nylon I saw and had been trying to figure out its root was for a startup selling oven-hot, freshly baked bread! So unbelievable! From that point on, the tide turned against that startup on the show. It became obvious that they had made an effort at branding their company but their brand was wrongly perceived and they did not know this. I wished there was a way to get to them, but they left no traceable contact address or website on their nylon; not even an email address. That startup commits a huge branding blunder. A costly one at that!

Third category is **wrongly perceived yet ignored brand**. These kinds of startups are wasters and destroyers. They have got feedback about their brand but they chose to ignore it. I recall buying two cartridges for my printer at home from a "reputable" store at Ojuelegba in Lagos. On getting home, I installed them but the color cartridge did not align. I tried and tried but to no avail. Finally I gave up and had to take the proverbial thousand miles journey back to Ojuelegba from Agbado-Ijaiye to get an exchange; at worse a refund. On getting there, I explained the problem to the owner. He insisted that I did not install it well. He asked me to bring my printer so he can install it for me. That's when I got very mad at him. I said, "*You mean I should TRAVEL back home, pick up my printer, TRAVEL back here, just so you can install a faulty cartridge!*" It was obvious this man was not going to change the cartridge nor refund my money. He even claimed my printer was the problem, that there was nothing wrong with the cartridge. Then he gave the final blow: "*you will go and use it like that; I cannot change it for you. Else, you buy another one.*" And he proceeded to bring out another color cartridge. I just walked out of his shop dejected and determined to never let anyone I know buy from him. Now that is a classic example. Though it falls within the next blunder we are to discuss, it drives home this point. In Nigeria, ink cartridges are a huge challenge because of adulteration. And every merchant does their best to position their self as a veritable place to get genuine cartridges for your printer. And that is the recommendation that someone I know gave about the man in question. And at the end, he squandered it. You could literally see it written over his face that he doesn't care what happens to me afterwards and how I perceive his brand. If he had offered to take a dive for half the cost of the faulty cartridge so that I forfeit the balance, I would have tried to reason with him. But he was hell-bent on me bearing the entire liabilities of the faulty ink cartridge. Finally, I gave the cartridge to a client who happened to have the same kind of printer I had; and guess what? It worked. Funny as it sounds, that doesn't change my perception about that man's brand.

Branding is all about perception. It all about giving prospects a certain perception about your company and its products. That perception is the real thing they buy, not necessarily the commodity. I didn't buy from that man because I just wanted an ink cartridge; I bought from him because I had a perception based on a recommendation that he sold genuine ink cartridges. So I bought my perception but he destroyed it with his own hands. Perception is everything in business. From the moment a prospect sees your signage or hears your company name, a perception is gradually built. That perception keeps building up through the different experiences they have with your brand at the reception, who they speak with, how speedily they are attended to, the quality of service rendered or product sold, and the feeling they get after the service has been rendered or after using your product. All these come together to create a perception in the mind of prospects. You are not done with any prospect until they become repeat customers. The accumulated impact of all the encounters they have with your company and her offerings is your brand. Simple as that sounds, it carries weight.

Your brand is the memory your prospect/customer has after an experience with your product/service. Remember that it has taken branding to get heard and seen; it will also take branding to earn customer loyalty. In contrast to traditional concepts, branding isn't all about imagery and pomp; it is about the perception drawn out a person's experience with your company and all that represents it. As an example, maybe this is one thing I can say we did well though not in its entirety, every time I give my complimentary to someone, they **always** give a common line of feedback on the spot: "I like this card; it's unique", "I love the feel of the card, the unusual shape, the cute size", "Wow! This card is different from all other cards I've ever seen", "There are cards you get and out in your wallet and probably forget where you kept it, but there are cards you intentionally keep somewhere safe; this card is one of such". I'm not writing this to hype myself but to show you the impact of good branding. My standard reply to these people is, "I'm not surprised at your expression; I would have been surprised if you didn't give that expression." And it's the truth. I go on to tell them those that care to listen that the concept of that complimentary card took two years to develop. While I really needed to have a complimentary card for my business, I chose to not put anything that did not correctly reflect our brand strategy in the face of prospects. The cost of redeeming a wrong brand perception is higher than the cost of building a right brand perception. So why the hurry? And so for the first two years of business, I did not have a complimentary card to give people in meetings. I looked like an unserious entrepreneur but I understood what we were doing clearly. I often told them that our complimentary card was in the press. And yes it was in the press for about two years.lol.

I just missed my bean cake aka "*moimoi*" for this morning because I was lost in this writing. Now I will have to take my pap without it. See what price I'm paying just to teach you about branding blunder? Anyways, back to our discussion. Branding is really about the perception or memory you leave with each individual after an encounter with you. It buttresses the old saying that you have just an opportunity to make a first impression. So you better make it consciously, and ensure you got it right. We have made some mistakes in terms of branding too but this we got right excites me every time I hear those familiar statements from people. I remember the day I had an opportunity to have a short conversation with Leke Alder after an event at Civic Centre in Victoria Island, Lagos. I had known that Leke Alder is the one who taught Nigeria branding as it should be, so I wanted to see his reaction over our complimentary card in comparison to what I had been hearing. Mind you, this is a professional. Of course I gave the card to him, and like most other people who had received it, he spent about half a dozen seconds *feeling and looking at* the card before handing it to his assistant with instructions, "keep this card for me". That nailed it! I knew concretely that we had got it right. The response was the same across more than five hundred people. What other proof was there to seek?

Speaking about negative brands and the attendant implications, we all know some brands we never want to be associated with. These brands are stored in our subconscious so strongly that you can already see their faces, logos, products, names in your mind the moment I mentioned it. There are airlines we don't ever want to board and there are those we dream of cuddling up in. There are food restaurants we have sworn to never visit even in death and there are those we won't mind traveling a thousand miles just to relive the experience of feasting inside them. There are shops we have vowed to never step into even if that was the last and only place on earth where we could get what we wanted to buy. There are radio and television stations we have written off as no-go-areas. Our dead bodies won't be caught watching or listening to them. How did we arrive at these hardcore decisions? Perception. How did those perceptions come about? Negative Experiences. Why did such experiences come to be in the first place? Branding blunders—one of the three or all.

Here is a warning you should heed: avoid complicated names for your company or products. Simple, easy to remember, easy to pronounce, easy to spell names will do. Those complicated names complicate matters for your brand efforts. Eventually, people get frustrated with trying to keep up with your brand and dump you for the next brand—most likely a competitor. Imagine a brand name like GOD NEEDS YOUR SOULD CHURCH; or PRINCES AND PRINCESSES OF OUR TIME INTERNATIONAL SECONDARY SCHOOL. I plead with you by the mercies of God, avoid such. It's a job you are inadvertently giving to prospects to do; and one they didn't ask for at that. Then do your best to avoid generating brand names out of your names or those of your partners. Like you bear Felicia and your partner bears Jessica, and so you try to cook up a name that has elements of both your names in it e.g. felisica, jesfel, Fel & Jes etc. I'm not saying you should not attempt it at all, but whatever you do, apply the acid test: Is it simple, easy to remember, easy to pronounce, easy to spell and sweet sounding? If it is not, find another name. Don't destroy your brand before you ever get a chance to build it. Many startups are suffering because of the name they chose to trade with. You don't have to suffer same.

Perception is everything. People don't buy products, they but perception. I will list some classes of products people generally buy, write in front of each one the particular brand(s) that come to mind as a veritable brand and the one(s) that you have a negative perception about. Let's do this!

Commodity	Good Perception	Negative Perception
Ice cream		
Detergent		
Food restaurant		
Hotel		
Beverage drink		
Herbal mixture		
Television station		
Radio Station		
Mobile phone		
Bank		
Diaper		
Noodles		
Grocery		
Mobile network		
School		
Milk		

I am sure that you will realize that some commodities are so strong that their brand has become the generic name for that commodity. Those are very strong brands. If you class of product or service is included in the list, and yours doesn't readily come to mind or doesn't show up in someone's list, then you have a lot of work to do on your brand. Branding of course isn't a one-time achievement, it is a journey. So you keep at it; because the day you stop doing the things you have been doing to get your brand very visible and audible, you start falling.

I will end this chapter by asking you to identify your product and your commodity. Your product is what you sell; your commodity is what you packaged what you sell in. That is the real thing people buy. That is what gives them the experience they get leading to the perception they have about your brand. Your commodity for example can be ice cream, but what is the experience that people get from eating your commodity? The first time I ate ice cream in Cold Stone Creamery, I could not explain what hit me. All I knew was that I had an experience that I was definitely going to go for again. This time I decided to be an evangelist; I took my administrator there trying to describe the experience along the way. He kept dismissing it as a bluff; “is it not just ice cream” he said. I asked him to reserve his views till we got there. And so we sat down to eat ice cream. For me, it was another opportunity to relive that first time experience. For him, it was a chance to have the same experience I had the first time. To cut the long tales, he got hooked; not just hooked but addicted.

So what is your commodity or service? And more importantly, what is your product or value? You must find a word that clearly expresses it. For Chanel, it is fantasy. For StartUp⁺, it is control. For ICLC, it is deep satisfaction.

What do you sell?

Chapter 7

CLIENT RELATIONS BLUNDER

Do not satisfy your customers; amaze them!

Now you have a few clients, but remember we said you're not done with any prospect until you turn them to repeat customers. I want to assume that you have scaled that hurdle. Now the next challenge before you is to earn their loyalty. The entire focus of this chapter is how startups earn customer disloyalty. At the last StartUp+ Conference, a question was asked about how to keep your customers in a location where a bigger competitor is setting up. The answer is quite simple: be yourself. That is a statement related to branding. And remember I said it includes all the moments of encounter the person has with your brand from the signage to the use of the product/service. The other part has to do with earning their loyalty after the first few satisfactory encounters.

Up there, I wrote, "Do not satisfy your customers; amaze them!" Startups that will keep their customers, in spite of what competition does, will have to go beyond just meeting their expectations. Truth is, bigger competition has the resources to and systems to meet customers' expectations too. But will keep them coming is the wow experience. What is that? It is how you treat them. Customers must begin to feel like they own your business. There is a way customers interact with your business that you begin to feel like they're trying to take over the business from you; that is the point where you have earned their loyalty. At that level, they freely make suggestions, disagree with things they do not like, and commend what they like. Customers who just come in, buy and leave haven't bestowed their loyalty on your business. Let's look at a few things to do.

First, be open to feedback. That means that it is a client relations blunder to never ask for feedback from customers. Here is a letter we treated on the EFFECTIVENESS ON RADIO Show recently:

> *My client of five years suddenly stopped patronizing us. I don't know why, and I've asked them but they wouldn't tell. I'm confused and also afraid that other clients will begin to do the same. What do I do please? Thank you.*
>
> *~ Tavi*

Tavi is facing a situation that arises from not asking for feedback. She actually waited for them to back out before making note to ask for feedback. She is suffering for her refusal to ask for feedback as at when due. After a client has deserted you, it's too late to start asking for feedback.

Asking for feedback from customers sends a signal to them that their inputs matter to the business, as such they invariably matter. It gives them a sense of ownership. To them, it starts becoming "Our Business" even though they don't own shares in the business. Some startups are so bad at it that when customers offer feedback without being asked, they argue with them. Or they put a resistance with an explanation. They explain away what came as an opportunity to earn customer loyalty. Some go on the defensive with silly statements like "that's how we do things here". There are peculiar situations where the customer's suggestion is in difference with your strategy, but there is a kind and respectful manner to communicate such to them. Not damning them like saying, "what's your business? Yours is to buy, ours it to run the business." Be open to feedback. No feedback, no room for improvement. And when you do receive feedback from customers, do all you can to reflect adjustments within seven days. And ensure that the next time the customer walks in, you point it out that their feedback was helpful while showing them the changes made. No feedback, no room for improvement. I've been in several situations where I gave feedback to startups I had a growing sense of connection with and they damned me. Some explained it away but never admitted their wrong. Others just put up a defense. I blamed myself in the end. At the last StartUp$^+$ Conference, a lady asked to see me and I stepped out to give her audience. What she wanted to see me for turned out to begin with a feedback. There was more she wanted to say about how she needed help with her business systems but it began with a feedback. And the feedback wasn't positive. She mentioned that our StartUp$^+$ website didn't have the necessary information she needed. She mentioned the excitement she had when she saw the conference flyer on Facebook and how she quickly followed the URL, only to get there and her bubbles were burst because she couldn't get what she was looking for. Honestly, I felt bad. But inside me too was the tendency to defend myself because truthfully, the website was set up to take care of registration for the event while it was being developed for the main thing. I first welcomed her feedback before I gently explained why it was so. But I assured her that we were working on it and that within the next few weeks, all that should be there would be there. That was when she proceeded to tell me about her business. I believe the growing sense of connection she had was what brought her to the conference even though she had been disappointed by the website. Now, imagine me finishing her off with a defense, an explanation and a closure on her feedback just because it didn't massage my ego. I would have lost her.

Second, never for referrals if you have never asked for feedback. Of course, it is glaring: startups who ask clients for referrals when they have never asked for a feedback are making a client relations blunder. What on earth is a customer going to tell their friends when they get asked about your product? Think of it, you have never had the chance to know what they feel about your product/service/idea yet you are pushing them out to tell their friends what they think about you. That is a billion dollar gamble. Only a nice customer will give you such a referral. And if they do, pray that their feedback is in your favor. The moment their friends cannot get convinced by their feedback, your brand is distorted already. You may never be able to sell a thing to those individuals or companies as the case may be. Feedback first, referral next—if you must ask.

Third, never assume on behalf of customers. Assumption is the highest level of ignorance. You must never make such an error. Some folks use their initiative when clients have given express instructions about what they want. In other cases, the customer has not provided enough information but it is an error for you to assume on their behalf based on a previous experience. It is better to delay so you can ascertain than to assume and turn out wrong. To be certain, ascertain. Never provide services on guesses; it ruins your brand position. When taking clients' preferences and instructions, practice active listening. Confirm everything you receive from them before marking it off as cleared. Ask them with statements like, "Did you mean…?" That is active listening. Making assumptions on behalf of your client doesn't speak well of your level of professionalism. If you can't reach them, hold off till you get through to them.

Fourth, client records are as important as staff records. So make sure you document everything you do with clients/customers and keep a proper record of your clients. Many startups hide behind the excuse that they are still small when it comes to record keeping; I think it is a refusal to develop the practice and habit of keeping records. How would you know how much various clients have invested in your business over a period of time if you don't keep proper records? How would you know when they made a last purchase if you have no records? Whatever is not recorded cannot be retrieved. And client records are very important. Along the same path of record keeping is the part of documentation. As a startup, you deserve to document every form of engagement between you and your clients. If you deal with individual customers, it is advised that you have a document by way of an invoice or receipt booklet that succinctly provides information about the terms and conditions of engagement. If you are in the service industry especially, you really need this. As a management consultant, I learnt the necessity of documents early enough but not before getting burnt once. I'll share my experience, but before I do let me share this letter by one of our listeners on the radio show.

> *Good day sir. I write with a very heavy heart because I just lost half of the agreed price for a job I did for a new client. We agreed on what I will do and the unit price and I got an advance payment which made me really happy. On delivering to the client, he paid me half of of the total agreed charges claiming that was what we on. If I saw him physically, I would have taken it up with him but he left the cheque with his secretary and went out. Now, he doesn't answer my calls and it seems he has barred my number from calling him. I'm so embittered and grieved! What was a thing of joy has suddenly become a thing of sadness. Is this what business should be like?*
>
> *~ Mesturah*

Experiences like this aren't unusual among startups. And it is due to one general fact: many startups act like they are solo hustlers. They approach their business as though they are street merchants who engage in quick off-the-street transactions. Some just do not see the need for documentation. Some have said to me that they don't know how to develop such necessary documents. Whatever the reasons or excuses are, there is none good enough to warrant dealing with a client without any form of documentation to back up verbal agreements. What a document simply does is to state verbal discussions in black and white and bears the signatures of the parties involved to show their commitment to the detailed agreement. That is all a receipt or invoice carries; nothing more. Whatever your business may be, have simple—and where necessary, exhaustive—documents to back up what you do for clients and customers. What you start your clients with is what they get accustomed to.

The answer I gave to Mesturah is this: forget the money, learn from the experience and move ahead. Now you know failure to document verbal agreements can result in financial losses; next time you won't have to be told to provide the document for the client. When we deal with service providers, we ask them for documents to back up what we have verbally discussed but many of them fail to provide any. So we insist on them putting together a simple document—sometimes handwritten—just to express the things they have said and have together agreed. The reason we do that is because we must store those documents in a dedicated file for that service provider. That helps us to know exactly what we have invested as a client into their business, so that when Christmas comes around, we can correctly weigh their complimentary gifts (that is a serious joke). In the real sense of it, we can trace the cost of everything done whenever the need arises, instead of working with guesses. As important as it is to keep staff records, just as important are client records – and service providers too. Your buyers are your external customers, your staff and service providers are your internal customers. You must treat the two categories with importance.

My documentation burn came about when I met a pastor at a training program. My friend had introduced me as Mr. Effectiveness mentioning that I train organizations and such other things I am skilled at. He immediately asked for me to train his church voluntary workers on personal effectiveness for one day. I gave him a concession on the basis that I am a Christian too and see such a training as an opportunity to promote the kingdom of God. So we agreed that I will train thirty people at $12.50 each bringing the total fees to $375 which was not reflective of what I should charge him. I should have billed him up to $1,875 but I gave a concession up to 80%. So I embarked on preparations and got to the venue of the training program—his church premises—to meet a service going on. We waited for the service to end before they got things set for the training. Eventually we began with almost half the expected class. Till the training ended, the maximum attendance was fifteen. And so we closed, and I went to my dear brother in the Lord's office to pick up my cheque. On getting there, he was not on seat but he left me a cheque—that made me calm. The adrenaline started pumping when I took a look at the value on the cheque: $187.50—half of the total amount agreed! What! I called him straight away. And guess what his response was…"*I'm paying you for the job you did. You trained 14 people and I paid you for fifteen. You should be thanking me for that.*" I was mad! I couldn't believe my ears. I reminded him that he invited me to train 30 people and only fifteen showed up—but I came prepared for thirty. That wasn't my fault. I wasn't responsible for galvanizing the participants, so why should I bear the responsibility for their absence? I told him that the workshop materials for the remaining fifteen were right there and that he should make my balance available as soon as possible but he resorted to insulting me over the phone. I couldn't take it anymore at that point. Emotions had swirled and risen. To worsen matters, he hung up before I could say another word. For the next two weeks, I kept calling him and he kept ignoring my calls. Finally, after thinking through it all, I let go. I sent him a message to keep the change. But I learnt my lesson. Never again will I transact with any client without a document to back up our verbal agreements. In fact, that very evening after the incident, I started drafting terms and conditions of engagement for training programs. Now, it is a standard rule: documents must be signed and specified payment made before we execute. Without signing the contract, we do nothing. Some situations have come up where a client attempted to make claims in conflict with the agreement; what I just did was to tell them, "It is on page 5 of the agreement". I simply mention the page; they lose their feathers right away. It is to your disadvantage to operate without documentation. If you need help with this, why not join the StartUp⁺ Network to gain access to our StartUp⁺ Toolkit where we have documents of all kinds commonly needed by startups. And where you may need a custom document, our Corporate Executives are available to assist you as a member of the network.

Finally, treat clients with respect. Never get too familiar with customers; take seriously the counsel that says "Customer is King".

The question is, *how do you treat customers? Nonchalantly or royally?*

How responsive are you to complaints, enquiries and requests? Swiftly or you delay?

When you receive emails or other correspondence, how do you handle them? Within what time frame do they get treated? I recall sending letters to several organizations way back in 2008 and only one company responded to my mail—Vmobile. I have kept that mail up till now. Have you built a reputation for not answering mails—or for ignoring received correspondence? And when complaints are made, do they linger for several weeks before they are rectified? I recently lodged a complaint about our POS terminal and could not get our banker to attend to the complaint for almost two months! I even went on twitter and made the same complaint to their twitter handle but nothing was done. It took me calling a friend who had influence in the head office to get things sorted out. Once the matter reached head office, they were all on their toes treating me like I really mattered. Of course, my mind was made up: I need another bank.

As much as you can, get to know your clients and customers well. Get them to help fill out a Know Your Customer/Client (KYC) form. You can make it simpler for them by booking a telephone appointment with them when you ask them for the details on the form. It speaks volumes when they receive a message from you on their wedding anniversary or on their second child's birthday. Use the information you receive to engage them on a personal level. Don't just take their personal details; use the details they give you. Some customers won't give you their personal details; respect that and relate with them on the level they permit. Don't force your way into their privacy. And don't disclose personal information they entrust you with to a third party. That will mean breaching their trust.

I'll close this final chapter with the following questions:

How often should you get feedback from my customers?

How can you insist on documentation and signing without repelling customers?

The answers vary from startup to startup. Find yours.

Epilogue

There is more to write about, but I am keeping my promise of a really short book—I sincerely hope it's short.

Following this book will be the really exploratory version which by the way will be updated with other blunders I have since come across between when I started writing this book and when the sequel will be published.

In the meantime, I want to ask a favor of you: Read this book between the lines, and do what you read.

After you have successfully done the first—while you are doing the second—share this book with whomsoever you love who is in business or plans to start a business. I have made it free for a reason: that it can be accessed by just about anybody.

There is nothing more I can do for you concerning blunders in business if you despise the things I have written about. I have tried to include my personal experiences where I violated the rule and a couple where I hit the bull's eye. That is to show you that I am not a perfect entrepreneur myself. The entrepreneur may make mistakes a hundred times, but he will dust himself, learn from the fall and move ahead. That is the attitude I want you to have every single day of your life as a startup entrepreneur.

And may I personally invite you to join the StartUp+ Network. The simple idea behind it giving you control over the common challenges that cause the failure startups. We have taken time to identify as many as possible and we are doing everything we can to solve them just for your startup to survive, grow and flourish. Those outside Nigeria may not be able to enjoy certain services because they are locally sourced for startups within the region where we are domiciled, however they will be able to enjoy other premium services. And when we do engage partners within their location, they get automatic access.

Shortly, our mobile app will be on Google Play, iOS and Blackberry for ease of access. Please be reminded that we are not building a social network. We are building an ecosystem that supports your growth and flourishing.

Your best days are ahead.

You are an Icon!

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Adeleke is a Strategy Effectiveness Consultant and Coach popularly referred to as *Mr. Effectiveness.* He is on a mandate to execute an economic revolution in Africa. Adeleke promotes personal effectiveness as the foundation for economic revolution; hence his bias for effectiveness in diverse levels of civic life. He is the author of "Exceptional Effectiveness Essentials"; the most exhaustive kit on personal effectiveness. Regarded as Africa's leading Effectiveness Expert, he convenes Africa's premium personal effectiveness training program, EXCEPTIONAL EFFECTIVENESS Intensive, which is transforming the lives of thousands of participants from diverse fields and industries in the workplace. Adeleke has designed and facilitated personal and workplace effectiveness training programs and management retreats for several organizations. His core training expertise is in Personal and Workplace Effectiveness, Effective Communication, Workplace Psychology, Entrepreneurship and Team Dynamics. His management consulting expertise has been experienced by organizations including May & Baker Plc, Keystone Bank Plc, Midas Touch etc.

He is the Executive Director at Icon Coaching and Leadership Centre (ICLC), a management consulting firm with a bias for assisting organizations achieve maximal effectiveness for enduring notable impact. He is Founding Director of StartUp$^+$, a timely initiative building an ecosystem that supports the survival, growth and flourishing of startups. Through StartUp$^+$, startups across Africa are being given control over their own growth and prosperity though the StartUp$^+$ Network and chain of startup-focused events. Adeleke is the host of the trending EFFECTIVENESS ON RADIO, airing on Praiseworld Radio (Africa's #1 Online Gospel Radio Station). He was listed as one of the Top 100 Leadership Experts to follow on Twitter in June 2014. Adeleke believes that: You are an Icon!

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