

# BCS SPECIAL REPORT

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## The 7 Deadly Sins of Business Owners Are You Free of All Seven?

by George Scott

There is no one single right way of running a business. But there are definitely wrong ways of doing so:

**1. Improper pricing:** Each product or service being sold has a “market tolerant pricing corridor” within which customers are willing to pay.

Unfortunately, many business owners are not charging enough for the product or service they are selling. Conversely, some prices far exceed that corridor. Underpricing and overpricing can be predictable purchase deterrents.

**2. Overpaying:** Every product or service has a cost of goods sold (COGS) or a cost of sales (COS) expense that directly affects the gross (and ultimately, net) profit. There is no sense in paying any more than you have to. Shop around ... and consider all relevant factors.

I have seen it happen all too often. COGS or COS materials are being purchased from a friend, neighbor, or family member ... and they are charging you higher than normal market rates.

**3. No training:** Many successful business owners recommend “Hire attitude. Train aptitude.” In some cases, neither is done. You can’t expect employees to do things “your way” if you don’t train them how to do so.

Also, training is not a “one and done” activity. It is ongoing. Initial training is necessary, as is refresher training. Of note, when cash flow is tight, and you are considering having no training, THINK AGAIN! In circumstances like that, training is needed the most!

**4. Employee mismanagement:** This often starts in the hiring room by not asking the right questions and being duped by a good-looking resume. A non-defined or ill-defined role responsibilities and duties shared with the interviewee is another mismanagement occurrence.

Another miscue is expecting your employees to have the same motivation as you regarding your business. They don’t ... and never will.

Yet another mismanagement activity is expecting your employees to take it upon themselves to learn “all the ins and outs” of their respective roles – on their own. (See previous training sin)

**5. Ineffective marketing:** There’s an old marketing axiom: “It’s not what you have, it’s how you package it.” Package, in this sense, means marketing,

An important part of effective marketing is to “*Fish where the fish you want to catch ... are.*” For example, if you are selling snowshoes and skis, focus your marketing efforts on the northern U. S. states, and definitely not on any of the southern states.

**6. Undercapitalization:** When a business owner “goes in too thin” financially, the outcome is almost always grim. Opportunities can be missed. Decisions can be forced. For example, do you pay for new supplies ... or do you pay the electric bill – because you only have enough money to one of them.

**7. Manage, instead of lead:** “Managers handle processes and things. Leaders handle people.” Leaders often do what no one else is willing to do. A manager will berate an otherwise dependable employee for turning in a report late – even if it’s only a few minutes late.

Whereas, a leader will respectfully probe to determine the cause of the delay and show empathy to the stalwart employee.

If you are guilty of any of these “sins” you can seek help from consultants who specialize in the specific areas. Good luck!

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