



▼ AVOIDING BUSINESS BLUNDERS

A SME SURVIVAL GUIDE

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In the dynamic world of small to medium enterprises (SMEs), navigating the journey from a brilliant idea to a thriving business can feel like crossing a treacherous river on a tightrope. It is a path fraught with unseen traps, hidden pitfalls, and the ever-present risk of a spectacular, belly-flop-into-the-water kind of failure. As business owners and managers, our goal is not just to avoid falling in, but to build a sturdy bridge to the other side. This article delves into the critical financial and general blunders that SMEs must sidestep to ensure long-term survival and, ultimately, prosperity.

The Financial Follies: Counting Your Chickens... Prematurely

There is an old joke that says the difference between a successful business and an unsuccessful one is that the successful one knows how to count. While a witty remark, it holds a profound truth. Financial mismanagement is the leading cause of death for most SMEs, both here in Zimbabwe and globally. It is the silent killer, often disguised as optimism or, worse, ignorance.

One of the most common pitfalls is the failure to separate personal and business finances. Think of it as a hypothetical situation: Mr. Dube, a talented baker, starts a small bakery. The business is doing well. He sells delicious scones and bread. One day, he needs new curtains for his house. He dips into the business account. Then, he needs to pay for his son's school trip. He dips into the business

account again. Soon, the business account becomes a piggy bank, and he loses track of what the business actually owns and what it owes. This is a classic rookie error. As the great financial guru, Robert Kiyosaki, famously said, "It's not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for." Keeping your business money separate is the first step to keeping it.

Another pitfall is inadequate cash flow management. Cash flow is the lifeblood of any business. It is not about how much profit you have on paper; it is about having enough liquid cash to pay your bills, your staff, and your suppliers. I am reminded of the folktale of the man who had many cattle but no food. His wealth was tied up, and he could not use it to meet his immediate needs. Similarly, a business can be profitable but cash-poor. Many a profitable Zimbabwean business has folded because it could not pay its ZIMRA taxes on time or its suppliers when due. The solution? Forecasting and budgeting. Plan your cash inflows and outflows meticulously. Know when your bills are due and when your clients are supposed to pay you. Do not be caught off-guard.

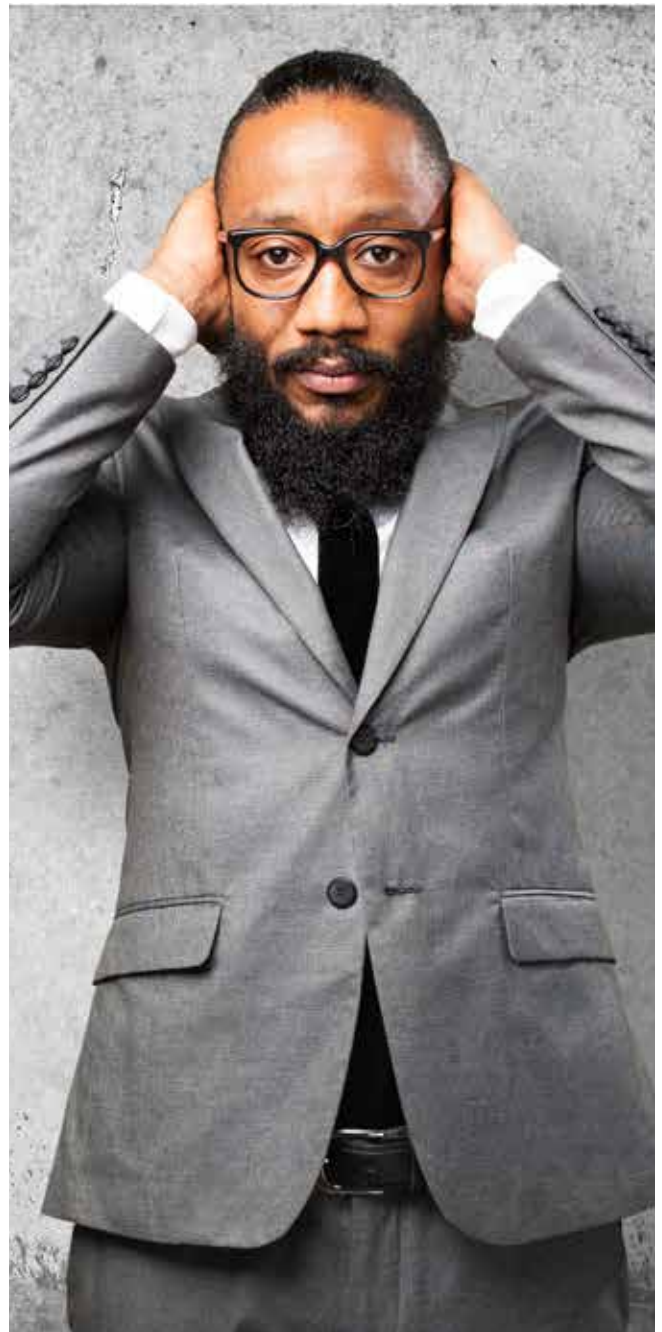
The third financial trap is taking on too much debt. Debt can be a powerful tool for growth, like a sharp machete for clearing a path through the jungle. But in the wrong hands, it can be a weapon that cuts you down. Small businesses often get tempted by easy loans to expand, but they fail to consider the cost of borrowing. A high-interest

loan can cripple a business, especially in an unstable economic environment. Before you borrow, ask yourself a thought-provoking question: Is this debt a springboard for growth or an anchor of future liabilities?

General Pitfalls: The Blind Spots in Your Business Journey

Financial wisdom alone is not enough. Many general, non-financial blunders can derail a business just as effectively. The first and most critical is the failure to adapt. The world is in constant flux. A strategy that worked yesterday might be obsolete tomorrow. I often think of the allegorical tale of the dinosaur: a mighty beast that ruled the land for millions of years. It was powerful, but it could not adapt to the changing climate. The tiny, adaptable mammals survived. What is the business equivalent of the asteroid that wiped out the dinosaurs? Technology, changing consumer habits, and new competitors. A Zimbabwean entrepreneur who relied solely on a physical shop without considering an online presence during the COVID-19 lockdowns felt this pain acutely. The most successful businesses are those that are agile and willing to evolve. As the great naturalist, Charles Darwin, never said about business, "It is not the strongest of the species that survive, nor the most intelligent, but the one that is most responsive to change."

Another common blunder is neglecting marketing and branding. In a crowded marketplace, you can have the best product or service, but if no one knows about it, you might as well be selling from a remote cave. Your brand is your story, your reputation, and your promise to the customer. A well-known brand inspires trust and loyalty. I am reminded of a local parable: A farmer had the sweetest mangoes in the whole village, but he never told anyone about them. Meanwhile, his neighbour, with average mangoes, sang praises of them from the mountaintop, and his stall was always busy. Do not be the silent farmer with the sweet mangoes. Tell your story, create your brand, and let your customers know why you are the



best.

A third pitfall, one that is especially relevant in the African context, is the lack of succession planning. In many family-run businesses, the founder is the business. What happens when the founder retires or, heaven forbid, passes away? The business often dies with them. This is not just a personal tragedy but a collective loss. A thriving business should be a legacy, not a temporary fixture. Start

thinking about who will take over, and what training they will need. A business that cannot outlive its founder is not a business; it is a job with more responsibility.

The Way Forward: Building the Bridge to Prosperity

So, how do we avoid these pitfalls and build a business that not only survives but thrives?

1. **Embrace Financial Discipline:** Create a budget, track your expenses religiously, and have a clear distinction between personal and business accounts. Seek professional advice from an accountant. A penny saved is a penny you do not have to borrow.
2. **Foster a Culture of Adaptability:** Stay informed about market trends and technological advancements. Be ready to pivot your strategy when necessary. This is the difference between a business that stays relevant and one that becomes a relic.
3. **Invest in Your Brand:** Understand your unique value proposition. Tell your story through various marketing channels, from social media to word-of-mouth. A strong brand is your best asset.
4. **Plan for the Future:** Develop a clear business plan that includes a succession strategy. Your business should be a legacy that continues to create value for future generations.
5. **Build a Strong Team:** Your employees are your greatest asset. Treat them with respect, invest in their growth, and create an environment where they feel valued.

I will end with a witty remark from a business tycoon I once met: "The only thing more expensive than an education is ignorance." In business, this rings especially true. The price of ignorance is not just a failed venture; it is lost opportunities, wasted resources, and dreams that never come to fruition. Let us learn from the mistakes of others, apply these lessons to our own ventures, and build businesses that contribute to the prosperity of our nation. After all, a thriving SME sector is the engine of a robust economy, and it all starts with a single, well-managed enterprise.

