

THE 10 MISTAKES BUSINESSES MAKE

Chapter One

The Immutable Laws of Business

If you have been in business, you will identify with many, if not most, of the following scenarios.

They are all based on real life examples.

1. Your business is reliant to a significant degree on one large client.

Whilst this arrangement has been profitable for you, you can feel the pressure being exerted.

Little changes are being made to the way you do business and in each case, it is a one-way street, with you always being the loser.

You know that there are personnell working for your customer whose job is to continually examine ways and means of increasing their profit, at the expense of suppliers. You can feel the noose tightening.

What do you do?

2. You run a tight and efficient ship and you know that your prices are fair but allow you to make a reasonable profit.

However, a competitor sets up and deliberately targets your customers.

You know that the prices being offered are unrealistic and unsustainable.

You know that your competitor will be unable to keep this up because the more revenue it generates, the greater will be its loss.

In the meantime, you fear (quite reasonably) that this attack is going to cause your business major damage.

What do you do?

3. A popular member of your staff suffers a bereavement in her family.

You have been approached by a close friend of hers who works in the same team, requesting that you allow time for her to attend the funeral.

Being a decent, obliging person, you agree.

You are then approached by others in her team and then by others who aren't even particularly close to her.

If you have said yes to some, then why not say yes to others?

If you say no, you will be regarded as being a harsh and uncaring boss.

In other words, you are damned if you do and damned if you don't.

What do you do?

4. You have a small group of competent employees.

However, they have a particularly negative attitude toward both you and your business.

They know the ropes and don't allow themselves to be placed in the situation where they can be disciplined.

However, they are disruptive and worse still, approach new employees and endeavour to infect them with their pessimism and negativity.

It gets to the point where some days you can hardly be bothered coming to work because you feel so undermined.

What do you do?

5. During good times, when you felt in an expansionary mood, you approached your bank and were granted a significant loan in order fund additional growth.

However, interest rates have now gone up and you are finding that your bank manager is much less friendly than he was.

You have been called in to a meeting with the bank and advised that you are required to enter into a new amortization programme, which will reduce the bank loan at a much faster rate than is currently the case and which you know, will cause you problems in complying with it.

What do you do?

6. You have a large, profitable client, which owes you a considerable sum.

The sum in fact equates to about two months of your normal monthly bottom line profit.

Your client is paying you regularly on all their current bills but this outstanding amount is not being touched.

Whenever you raise the issue with the client, you are given soothing words but nothing happens.

You are concerned that if you really put pressure on the client and advise that you will cease supplying them unless they pay this large amount, you will lose the client.

What do you do?

7. You have a small staff and every staff member is important to the daily or weekly operation of the business.

You have been able to handle sick leave by dint of good rostering techniques and co-operation from others.

However, when an out-of-left-field event occurs such as a major illness or death in the family, it usually results in chaos.

If somebody else is away at the same time, you and the rest of your staff spend the whole period problem-solving and putting out bushfires, rather than making progress.

What do you do?

8. You have groomed a particular employee for several years.

You saw potential in this person and gave him training in many different aspects of the business.

You became increasingly reliant on him and at the same time, rewarded him with significant pay rises.

You even allowed yourself to take longer holidays, knowing that your protégé was able to handle things while you were away.

You are then shocked when he resigns.

It was something you simply did not see coming.

What do you do?

9. You have a smart employee who generates significant profit for you.

She works long hours and you like and respect her.

You then find out, inadvertently, that she has been cheating the business.

When you investigate further, you understand that there has been systematic cheating going on.

The amounts of money are not large and in your mind, you find yourself justifying keeping her on, on the basis that her real employment cost is her salary package together with on-costs, plus the annual cost of the cheating.

What do you do?

10. Some days, you feel that you are in a real Ground Hog Day situation.

You know the common movie theme where days or events repeat themselves.

Just when you feel that you are moving ahead, you are confronted with a situation which is similar to situations you have dealt with on and off over fifteen years.

You are getting sick and tired of this.

What do you do?

11. You wish to diversify your business because you are too reliant on one particular product.

After looking around, you come across a product which you really believe has potential.

There is no doubt that this product is good and that there is nothing else similar on the market.

The developer of the product is not really a businessman and is under financial pressure, so you do a deal, buy the rights to the product and hire the product- developer as an employee.

However, whatever you do, the product simply fails to develop momentum.

The promotional and marketing costs of sticking with this product are eating into your profits and your advisors advise you to give it up and concentrate on your core business.

What do you do?

12. You operate a large, profitable business, which has a secure niche market position.

Your son joins you in the business and he is a big thinker.

Your son comes back from the US with a proposal to set up a completely new business in Australia, but one which does have synergies with your existing business.

However, when you start developing the new business, you find intense blockages every way you turn.

There is political pressure exerted against you, the media are generally on the side of your competitors (the little guys), local councils hate you and put obstacles in your way and every arm of the bureaucracy you deal with makes life difficult for you.

Do you give up or do you plough on ahead?

What do you do?

The above examples are all one-hundred percent real life case studies which I have either experienced personally or I have been involved with past clients who have had those experiences.

I could have gone on and on and indeed, filled this whole book with case studies of problems which businesses face.

For answers to those questions, turn to the last page of this book.

Sorry, the last paragraph was a trick.

I could easily have provided simple answers to each of those problems.

However, if I had, you would probably have learnt little from them.

The aim of this book is not to provide simple answers to common business problems.

The aim is to examine the underlying principles of why problems occur in business and what you can do about them.

It took me many, many years to learn from hard and painful experience, that there are simple, immutable, timeless laws of business.

Once I grasped them, I found that decision-making became immeasurably easier.

I would then go back to the principles and the answer would be provided.

The title to this book may appear to be rather negative.

It talks about problems and how to avoid them.

However, the corollary to avoiding the problems is to do things successfully and this is really what this book is about.

If I had the knowledge and experience I now have, at the time I first went into business, I would have done things differently and I would have advanced quicker and would have been more successful.

It is this knowledge that I hope you will gain from this book.

This is certainly not a Get-Rich-Quick book.

There is no picture of me sitting in a red Porsche convertible, surrounded by beautiful, adoring women, on the front cover.

I certainly can't guarantee you riches.

However, what I can guarantee to you is that if you spend the time and effort to read this book, slowly, and to think about each chapter as you go and if you are prepared to apply the principles expressedrun your business more successfully and with less stress than you are currently experiencing.

If there are such powerful, immutable laws of business, then why isn't this common knowledge? Why is this not taught in business schools and why does not every businessman follow them? If The Ten Mistakes are so obvious, why do most businesses make and continue to make many of them?

There are certain immutable laws for living a satisfying and happy life and these have been around for many years.

The Ten Commandments, the most basic and certainly the first immutable, written laws for good living, came into existence over 3,500 years ago.

Whether you believe that they were handed down by God to Moses on Mt Sinai, or whether they came into being some other way, is really beside the point.

The fact is that the Ten Commandments have been with the Jewish people for 3,500 years, have been an integral part of Christianity from its inception, over 2,000 years ago and have been part of Islam, for approximately the last 1,400 years.

They are at the core of religions adhered to by half of the world population.

No one can deny that following each of Commandments will ensure that you will become a better person and will result in you living a more fulfilled life.

You shall not steal, lie, murder, give false evidence, envy others, commit adultery.....
Pretty basic stuff today, although radical 3,500 years ago.

If that is the case, why does not everyone follow those Commandments or similar principles, which every other major religion also has at its core?

The reason is that it requires sacrifice and discipline to do so.

Exactly the same applies to following the immutable laws of business.

It is easy to talk about them. Indeed, as you progress through this book, you will appreciate that they are all entirely logical and many of them are probably ideas which you could well have conceived of yourself. Many will be principles you have been following for years.

The hard part is to have faith in them and the discipline to apply them.

Since the financial crisis in the US spread to the world economies, the business world will never be the same again.

Competition will be more intense.

The margin for error in running your business will be much less.

Customers will become more demanding.

Competitors will become more ruthless.

Banks will become much more focused on what is good for them rather than what is good for your business.

By not making The Ten Mistakes, there is a way ahead.

Continuing to make several of them will hold you back. Making most or all of them will prove fatal.

My recommendation is that you read this book slowly and go through it one chapter at a time.

As you read, think about how the situations outlined translate into your business and take notes whilst ideas are fresh in your mind.

By following this approach, you will really get to understand what The Ten Mistakes are and you will be coming up with real solutions to your business issues, which you have developed yourself.

I am not going to provide you with answers to specific problems but I'm certainly going to show you how to recognize The Ten Mistakes, so that you can reach your own conclusions.

I will be using many case studies throughout this book.

All but of them are real, true-life situations.

Only the names have been changed.

As you read the case studies, I'm sure that you will be able to instantly connect with them and think of parallel examples from your own experiences.

A Little About Me

I don't claim to be a modern day Moses, descending from a misty mountain with THE TEN MISTAKES OF BUSINESS engraved on stone tablets, being held in each of my arms.

I have developed the knowledge I have gained from cold, hard experience.

Most of my experience in fact comes from either my own failures or failures I have witnessed.

I am not a huge business success story.

In the context of world business, I am an absolute minnow and in the Australian context, I come well down in the pecking order.

However, I have built up a successful, national, profitable business, over a thirty-one year period. My business is a leader in the industry it operates in.

In addition, I spent many years practising as a commercial lawyer and dealt with a large number of business clients.

Most of those clients I would not regard as being very successful. However, several were and I will shortly introduce you to them and show you what I learnt from them.

As the CEO of Prushka Fast Debt Recovery, I have been exposed over the years to many, many thousands of business failures.

We are at the coalface in dealing with businesses which are suffering financial stress and that stress often leads to the terminal decline of that business.

On the other side, we act for over thirty-nine thousand businesses across Australia and thus have exposure to the way they operate their businesses.

I am fascinated by business and love analysing businesses; seeing what works and what doesn't work.

Accordingly, my qualifications for writing this book are not based on having built a billion dollar business but are based more on intense observation and analysis, as well as cold hard experience.

The strength of this book comes from the fact that it is so personal, as opposed to being an academic treatise.

There are many books, which have been written about business but most have been written by either academics or people who have ultimately failed.

Normally, successful entrepreneurs are not really interested in telling others the secrets of their success. In addition, their experience is often very narrow and is unique to their situation, so it is difficult to learn from it.

For this book to be successful, I have decided that I must make it personal and if it is to be personal, I need to give you some background about me as a person and then about my business.

I was brought up in a middle class professional home, in an area which is now called Eaglemont, in Melbourne's prosperous suburbs.

Life as an Aussie kid in the nineteen-fifties, in retrospect, seemed to have been filled with bright blue skies, warm sunny days, long holidays and endless outdoor fun.

Compared to most, I would define my upbringing as privileged.

My brother, two sisters and I were sent to top Melbourne schools and there was an expectation that we would go on to university and have professional careers.

Looking back two generations, I had grandfathers on both sides of my family who were migrants to Australia. One came from England and one came from Russia.

My English-born grandfather had a private school education, a university degree and became a finance journalist and then a stockbroker.

Obviously, business was in his blood but more from an analytical point of view rather than a doing point of view.

Perhaps this is where I developed my interest in observing businesses from.

My Russian-born grandfather had almost no formal education and spoke very little English when he arrived, as a young man. He also had absolutely no money whatsoever.

He went into business because he had to. He had no other employable skills.

His early years were spent working in depressing, lowly paid factory jobs and then in going into business in his own right as a hawker.

In those days, people living in the country were often isolated and lived long distances from towns and had no means of transport to get to them.

There was a flourishing trade conducted by hawkers who would travel out to the country to sell their wares.

My grandfather developed an unquenchable thirst for education and became a voracious reader and thinker.

He also developed several different businesses, some being successful and others not being so successful.

From him, I probably developed a steely determination to succeed.

My father lived through amazing diversity, from experiencing war, discrimination and near-starvation in his native Russia, as well as extreme poverty. He was then whisked away to a foreign land, which provided immense opportunity and privilege.

He was given a private school education and then, following the financial collapse of his father's business, developed a business of his own, from a young age.

The business he developed thrived and it enabled him to save enough money to put himself through university and become a doctor.

My father saw business as a means to an end and always looked down on it.

His great love in life was medical practice, which he saw as a much higher calling and he spent the final forty five years of this life as a hard working GP.

From my father I learnt that hard work, determination, and education provide the passport to achieving your goals.

I was brought up in a prosperous home and never personally knew poverty nor suffered experiences which provided me with anything other than expectations of a bright future.

In every respect, it was a privileged background.

However, I can't help feeling that the experiences of my father were somehow infused into my genes.

This is no doubt a common experience of first generation Australians. They may be brought up in relative prosperity but there is a nagging feeling inside that it may not last. One day it could all be taken away so don't ever relax too much.

I had a thoroughly pleasant time at university, where I studied economics and law. I worked hard (but not too hard) and ended up with reasonable degrees.

After an early marriage (I was just one week off twenty three), and an appalling experience during my twelve months Articles (which was then a requirement in order that law graduates become qualified as practising lawyers), Sue and I did the typical Aussie thing and set off for London.

After working for several years with a national firm of chartered accountants, in the taxation section, I returned home, with baby daughter in tow.

Following six months working in the taxation section of one of the then Big Five accounting firms, I took the leap, went into significant debt and purchased a legal practice in the eastern suburbs of Melbourne.

I was twenty-seven years old and had virtually no legal experience under my belt.

Together with a newly-acquired partner, who knew a little about the law but nothing about running a legal practice, we started bumbling our way through.

The practice had twelve staff in total and handled a wide variety of legal work.

Shortly after the time I became a partner in the new practice, I also set up what was then known as Prushka Mercantile Agency Pty Ltd. You will read more about Prushka further on.

That practice, during my fourteen years with it, developed into the second largest suburban-based legal practice in Melbourne.

At its peak, it had six offices, including one in Bourke Street in the city of Melbourne, close to eighty staff, five equity partners and three non-equity partners.

My first year as the commercial partner of that firm required a great deal of learning on the job, because my experience of legal practice was so limited.

Fortunately, I learnt that as long as I was one step ahead of the clients and if I asked many questions of colleagues and employees, I was able to develop my knowledge and expertise at a rapid pace.

I met three particular business clients during that first year and developed close, ongoing working relationships with them. These three people stood out from the mass of general clients and I instinctively knew that each of them was on a separate pathway to business success.

Each of them was older than I and I have to confess that I probably learnt as much from them as they learnt from me.

I am going to give you some background information about each of them because their experiences will be quoted as case studies in different parts of this book.

I have changed their names, to allow me greater freedom to talk about them but otherwise their stories are totally real.

Thomas came to Australia as a very young soccer professional.

He was brought up in Sheffield in the midlands of England and had no real qualifications or skills other than his soccer skills.

In those days, football professional were paid nothing like they are today.

At the end of his contract with his soccer club, he was faced with the fact that he had a wife and young son, few employable skills and no assets.

Thomas started work as a salesman for a small chemical company and ended up buying the company for a modest sum.

When he first came to me as a client, the chemical company was reasonably well established and producing good profits.

It operated from a rented factory in the outer eastern suburbs of Melbourne.

The major product and the big money spinner, was a specialist metal repair compound, which Thomas had tracked down and acquired the sole Australian distribution rights for.

In addition, the company sold a range of coatings and cleaning compounds, which were sold to other businesses.

Thomas impressed me as a dynamic and careful business-driver who focused continually on developing and improving his business.

I was called in to prepare many different legal documents relating to the various components of the business, so worked hand-in-hand with Thomas in giving legal form to his plans.

He was the consummate dealmaker.

Somehow, he had the knack of tracking down opportunities, getting to talk to people and then hammering out a deal.

The next client I will introduce you to is John.

John came to Australia, on his own, as a twenty two year old Ten Quid migrant from Austria.

During the nineteen-fifties, Australia was desperate for labour and the government offered suitable migrants from war-ravaged Europe, the opportunity to migrate here for the grand cost of ten pounds.

It was a requirement that these migrants spend a certain period working in jobs allocated to them by the relevant department.

After that, they were then free to go as they wished.

John saw little opportunity for himself in his native Austria, which at that stage was under Russian control, and leapt at the opportunity to come to Australia's open land.

John has always relished the open spaces and the freedom, which Australia provides.

After working in several dead-end jobs, John worked for a company in an engineering capacity. He formed a friendship with his boss and his boss

then offered him the opportunity to go into business together, with John as the active business operator and his boss as the silent capital partner and mentor.

The business was involved in designing and selling instrumentation control systems.

At the time I met John, he was in his early forties and the business was becoming very profitable.

The reason he came to me in the first place was because I used to specialize in taxation planning and he saw that his business was starting to pay large amounts of tax.

John gave me a hard time at first. As a client, I found him demanding, unrealistic and a tad unfriendly

However, I rose to the challenge and within six months had won his confidence.

I then learnt that this was his way of testing people.

After I had passed the test, he proved to be a most loyal and considerate client and we developed an excellent working relationship over many years.

The business developed into an Australia-wide business and generated large profits.

Ultimately, John sold out to a Fortune Five Hundred US company and was appointed to the position of CEO of the company he had previously owned.

John made the successful transition from being a business owner to being a paid manager within a large corporate structure.

The third client I will be introducing you to is really a family

The Williams family was by far the largest client of our young practice and we were very grateful to have them.

They provided large volumes of excellent legal work and were thoroughly pleasant and decent people to work with.

At that time, their business was a large grocery wholesaler, based in Melbourne but with several regional outlets.

They were one of the major food and grocery distributors in Victoria and were very, very profitable.

The family comprised of Ron, the old man, Robert, his dynamic son and his daughter and her husband.

They had a loyal group of employees and the whole business was really run as if it were one big family.

I really admired the way they all worked together.

Robert had big ideas for the business and after several trips to the US, came back with an agreement in principle to buy the Australian rights to a completely new concept-convenience stores.

(Do you recognize Scenario Twelve?)

At the time I came into the picture, the agreement with the US company had been negotiated but not finalised and the business was not yet off the ground.

As a young rookie lawyer, I was thrown into the deep-end, negotiating out the final provisions of this agreement with a team of high-powered lawyers sent out from the US.

During that first year, the first store was opened, amid much fanfare and much horror from local milk bar proprietors, the media, the local council and many politicians.

That business is now a household name in Australia and you have no doubt been a customer at many of the stores.

The Prushka Story

I am going to tell you quite a bit about my business – Prushka Fast Debt Recovery Pty Ltd.

The reason for this is that most of the experiences I gained came from my history of starting this business from scratch and building it up into what it is today.

In retrospect, I went through so many trials and tribulations and I know that every business-driver goes through the same thing.

Learn from my mistakes and my successes.

Most of the case studies referred to throughout the chapters of this book will in fact be taken directly from my Prushka experiences.

Only the names will be changed.

Prushka today is a successful, profitable and growing business.

The business is still focused on the original core from thirty-one years ago, which is providing debt collection services for clients.

Today, Prushka employs approximately 240 people, has fourteen offices across Australia, over thirty-nine thousand clients and is recognised as a leader in its field.

It was not always so.

When I started Prushka in 1977, it was set up as an offshoot of my law firm.

The idea came to me in a very simple way, as often is the case.

When my father asked if my firm could handle some debt collection work for his medical practice, I looked at what was involved and decided that it would simply not be viable for a law firm to handle a small number of debt collection files.

I figured that the only way handling such work could be commercially viable would be to obtain a significant and continuous volume of work, so that the processes could be streamlined and developed.

It was this simple idea which gave birth to Prushka.

From that idea, I placed an advertisement in the employment section of the paper and within a short space of time, had hired a lady to work part-time, in a spare office located in the firm's building.

When I look back, the whole execution was half-hearted and naïve. An objective observer would rate the chances of success as being minimal.

However, it was a start and when it comes to setting up a business, the hardest thing of all is to actually start.

The second employee, Madeleine, was a full time lady, Patricia who had two daughters who were then in their late teens and early twenties. She had made the decision to go back to work, after a twenty year break.

She had no real experience, but impressed me in the interview with her steely determination to make a go of things.

Madeleine, was a most unlikely candidate for running a fledging debt collection agency. She was a softly spoken, evangelical Christian.

Madeleine became the defacto manager of the evolving business.

She seemed to have a capacity for attracting industrious, smiling, happy people and together, they set out developing processes and building the business.

I later learnt that many of Prushka's early employees were in fact members of Madeleine's church.

I was not directly involved in running the business and in hindsight, I would say that it grew more by a process of osmosis rather than through any real planning and design.

Fortunately, I did not rely on drawing any profit out from the business, which is just as well, because for at least the first ten years, there was none.

Without realising it, I was committing every one of **The Ten Mistakes**.

For many years, Prushka was a sideline business, which survived without me giving a great deal of attention to it.

However, there were certain underlying principles which I had developed and stuck to, which, despite the woeful management, ensured the survival of the business.

From day one, I had resolved that Prushka would operate on the basis of **No Recovery – No Charge**.

This was a novel idea at the time and was simply unheard of within the debt collection industry.

At that time, debt collection was handled in a very ad hoc manner by thousands of law firms around the country together with a relatively small number of debt collection agencies, which at that stage were emerging as new business enterprises.

Law firms handled work on an individual file-by-file basis and charged accordingly.

The experience most clients had in dealing with law firms was generally an unhappy one.

Essentially, law firms were not geared up to provide good client service and communication and were inclined to take a rather high-handed and arrogant attitude toward their clients.

Debt collection work handled by law firms was expensive and spectacularly unsuccessful.

The cost of collecting debts through lawyers invariably exceeded the value of the monies collected, which resulted in many businesses simply not bothering to chase their debts.

Collection agencies at that time were generally very small businesses which, in most cases, operated on the fee-for-service-model. That is, a charge was made for every letter, phone call and attendance and additionally, a charge was often made lodging each debt as well as an annual service charge.

The result of this was that in most cases, clients received bills for a greater sum than the money collected. In other words, they would have been better off financially by simply doing nothing at all.

The Prushka model, which we have stuck to religiously since, offered something quite radical to clients.

By providing our **No Recovery – No Charge** service, we were effectively becoming partners in the outstanding debts with our clients. If we collected overdue accounts, we got paid and if we didn't collect, we received nothing. Accordingly, a client could never be worse off by using us.

Operating on this model meant that we had to become highly efficient and effective at what we did. It was essential that we achieved high recovery rates because if we didn't, we simply would not make enough money.

Our offering provided something unique in the market-place and it was this which eventually allowed us to develop a small space in the market and to then build upon that.

I expected that by offering such a superior service, we would be bowled over in the rush.

However, the first real hurdle in building the business was in gaining credibility. The experiences most potential clients had had with either law firms or other collection agencies was so bad that they simply did not believe our claim that we were **No Recovery – No Charge**.

As we review **The Ten Mistakes**, you will learn from my own experiences of making each of those Mistakes. It took me many years before I really appreciated what those Mistakes were and came up with solutions.

I have no doubt that the principles which I learnt can be applied to any business, in any country and during any period of time.

Because they are principles, they are in affect eternal and timeless.

We are living in such a fast-changing era but people are still people and their underlying wants and needs don't change.

They are born, need to be nourished, educated, clothed, housed and have their physical, emotional and spiritual needs catered to.

This is just as relevant during an era when time and distance are becoming much less relevant as they would have been during the nineteen-twenties.

Are Entrepreneurs Born or Made?

Several years ago, on a ship voyage to the Antarctic, I became friendly with a professor of business from a New York university.

My new found friend, Moishe, had written and presented dozens of papers on different business topics and had spent his working life as an academic in the business school of his college.

During one of our discussions, I asked him the question: "Can you teach a person to become a successful businessman?"

His initial response was that you definitely can.

Such was his belief in the subjects he taught that he had little doubt that anyone capable of doing the course could learn to become a successful businessman.

I then asked him whether he felt that he could become a successful businessman and if so, why hadn't he done so?

This caused him to stop and think and at that point, he agreed that he could never become a successful businessman because he simply was not risk-taker.

When I analyse The Three Clients whom I have introduced you to, Thomas, John and the Williams family and look at what each of them had in common, as opposed to the many hundreds of business clients I dealt with over that period, certain commonalities are apparent.

Each impressed me with their willingness to take on *risk*. None of these people were reckless or irrational but each of them understood that in order to succeed in business, they must take calculated risks.

Another common feature was that each of them had what John later termed "*.....a bias for action*".

These were not the sort of people who would sit around planning things forever, analysing all the ifs and maybes and generally procrastinating.

These were all people who, once a decision had been made, would want to take action very quickly.

They were all people who were happier when they were moving and did not like staying still.

Each of them had a capacity for *making decisions*.

When you work closely with someone who is negotiating a major (for them) business deal, over perhaps many days or weeks, you get to learn how they think and eventually can second- guess what their decisions and actions will be.

Each of these people really impressed me with their capacity to weigh up the facts, ask questions and then make decisions and once a decision had been made, to not look back.

They all knew that they were not going to be right one hundred percent of the time and they simply lived with that fact.

Each of them made some major mistakes and yet none of them spent time agonizing over this.

Each of these former clients understood that successful business involved *win-win* arrangements. As a lawyer, this became quite an eye-opener for me because lawyers tend to think in terms of win-lose.

These people were all *compromisers*.

They were all relatively hard workers but none of them were workaholics. In each case, they impressed me with their capacity to take considerable time-off for holidays and to walk away from their businesses when they had to.

Each really achieved a successful *work-leisure* balance.

I personally observed each of the three experience some very major business setbacks. These were the sort of events, which made me grateful that I was their lawyer, being paid on an hourly basis to be there, rather than being financially involved in their businesses.

Yet each of them showed a remarkable degree of *resilience*.

Two of those clients had come to Australia as young men, with the intention of seeking their fortunes.

The Williams family were much more established at the time I knew them. However, the business they ran was started one generation earlier and they appeared to be very conscious of the humble beginnings of the business.

Accordingly, each had a burning *hunger to succeed*.

This had more to do than just having a desire to get rich. It also involved an inner wish to become successful and to build something.

Each had a long-term *pride in their business*.

None were get-rich-quick merchants.

Each built their business by hiring good people and providing quality products or services to their customers at a fair price.

Each were scrupulously honest and *tough but fair*.

I believe that successful entrepreneurs require certain if not most of the characteristics, which I observed in The Three Clients.

However, having those qualities is simply not enough.

There are business techniques and principles, which can be learnt, and this is largely what this book is about.

It is unlikely that you would be reading this book if you do not share many of the characteristics of The Three Clients.

If you do, then this book can help you avoid making **The Ten Mistakes** and provide you with an understanding of the principles on which to build a successful business.

I know that I have no chance of ever becoming a billionaire.

The reason is that I simply lack the burning ambition, drive, cunning, capacity for risk and degree of ruthlessness required.

Put simply, my material and emotional needs don't require me to want to become one.

To succeed, you also must not make The Ten Mistakes.

It is all a question of degree.

I regard myself as having built a successful business and most people would agree with that proposition. Yet I still don't feel that the job is complete. Far from it.

Whatever is the degree of ambition you have in terms of the development of your business, success will be measured in terms of achieving the goals you have set.

You may operate a plumbing business with four staff and have a desire to turn it into a twenty person operation, with a corresponding increase in sustainable profit.

If you achieve that, then you will be a business success.

If you consistently make one or more of **The Ten Mistakes**, your chances of being successful are greatly diminished.

The more **Mistakes** you make, the more your chances are further diminished.

If you are consistently making most of **Mistakes**, the chances are that your business will fail.

For purposes of this book, when I refer to the term "business failure", I am not referring to it in the strict legal sense.

I am not talking about bankruptcy of an individual business proprietor or liquidation of a company.

Those are the extreme outcomes.

I am referring to failure as meaning a failure of the business to thrive and develop.

Unfortunately, this is the fate of most businesses.

They may not end up in bankruptcy or liquidation but the hopes and dreams of the proprietor have failed to materialise and the business becomes little more than an exercise in self-employment.

So it is now down to examining each of **The Ten Mistakes**.