

## **Be Prepared to Succeed: Do Your Homework before Starting New Businesses and Jobs**

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My first business school course was in marketing management. The professor told us that most marketing problems occurred because those in charge of marketing failed to do their homework about what customers wanted and needed.

We were curious about that observation and asked him why this was the case, and the professor said he had no certain answer. His best guess was that people became comfortable with what they were doing and didn't want to travel much or meet many new people.

Since then, I've counseled thousands of entrepreneurs about starting new businesses and even more business people about changing jobs. From what these people have told me, the marketing professor was too narrow in his observation that marketing problems are due to managers not doing the necessary homework. Entrepreneurs and those looking for jobs usually don't do their homework either, often leading to disastrous consequences.

Whenever I check on former students of my small-business classes, I am struck that their problems could have been avoided if the students had done homework that they skipped. As a result of operating in ignorance, the small business owners either find it too difficult to find customers, spend more money than they can afford to attract customers, or make expensive operating mistakes in providing what isn't wanted instead of what is desired.

Here's an example of useful homework that a small-business owner can use to avoid such problems. For most small businesses, there are only a few thousand potential customers. Starting with a random sample of those potential customers, those starting up small businesses can gain highly accurate perspectives of what they will face by first interviewing and observing 300 people.

Every problem identified during the interviews and observations will save those starting up small businesses thousands of dollars annually. As a result, the value of such investigations can be hundreds of thousands of

dollars over just a few years. I carefully explain that point to every person I meet who is interested in establishing a new small business.

How often do these entrepreneurs conduct the necessary interviews and observations before starting their businesses? Less than one percent of small-business entrepreneurs I meet ever take this essential step.

Instead, I've seen entrepreneurs spend their last nickel (often wasting as much as hundreds of thousands of dollars) to develop products and services few people want . . . a lesson which could have been discovered at little cost through interviews and observations.

Job seekers often aren't any better about doing their homework before taking a job. Rarely does someone learn enough about a position that is being considered to know what the work is like, how to work smoothly with their potential boss, what knowledge and experience are required to succeed, and the personal benefits and costs of such work. Not surprisingly, many people don't like their jobs and start looking for new ones after only six months.

Consider, by contrast, what a trial lawyer does. One of the cardinal rules of courtroom effectiveness is never to ask a question for which the attorney doesn't know the answer. Just to meet that test often requires hundreds of hours asking questions of potential witnesses and reviewing documents. The trial lawyer may also employ investigators, experts, and jury consultants to fine-tune the information to gain more insight and to make it more useful for the client's benefit.

As you can imagine, a conscientious trial lawyer might learn from the importance of being thorough to do a lot more homework in developing a new business or looking into a new job than even conscientious business people do. My expectation on this point was validated recently when I met Professor Andrew Goodman of Rushmore University (an online school), a well-respected barrister (trial lawyer) in England.

Professor Goodman deeply impressed me with how much homework he is willing to do before starting a new job or business. After he approached Rushmore about teaching conflict management and dispute resolution on a part-time basis, he decided that he needed proper preparation to teach the courses and requested that the dean allow him to be the first student to earn

an MBA degree in the program he had designed. Why did he make this decision? He felt that he should experience the program from the graduate business student's perspective before teaching it to anyone. The school's dean accepted that proposal and served as Professor Goodman's academic advisor and tutor.

From his MBA studies, Professor Goodman reports that he gained important skills in disciplining his time and being flexible in his study methods. More importantly, he gained a better ability to connect with and empathize with students studying for graduate business degrees while holding down full-time jobs. His students have appreciated that part of his learning the most.

The benefits for Professor Goodman didn't stop there. Developing the curriculum, earning an MBA degree, and beginning to teach business students were just the beginning of a major new business he later launched. Here's how he did it:

First, he reshaped the course material he had prepared into four books and approximately 20 published articles that explain his views on conflict management and dispute resolution.

Second, he revised the course material to make it appropriate for training non-lawyers outside of a university setting and began a new business offering training in conflict management and dispute resolution.

Third, earning an MBA helped him realize how lawyers could be more effective in managing their activities. As a result, he developed a training program to share that learning as another offering for his new training business.

Here is some essential homework you should prepare before starting a new business.

1. Interview a statistically significant, random sample of potential customers who don't know you to find out what they buy now, where they buy, what they like and don't like about what they buy, what needs they have that no one is serving, and what it would take to make them curious about your offerings.

2. Observe a substantial number of purchasers and users of these offerings to see what problems they have that weren't mentioned in the interviews. Ask the people who are observed about those problems and discuss how they would like the problems to be solved.
3. Read at least five books containing business plans that were written by people who have started reasonably similar businesses which describe the results they experienced.
4. Work in different kinds of positions at least three similar businesses for at least two weeks to find out how the businesses operate and what the key challenges are.
5. Learn about business model innovation and develop an improved business model that will attract and serve customers better than competitors.

Here are some job-related homework assignments to do before you take a new position.

1. Ask people with varying lengths of experience in this type of work how long most people stay in this position and why they leave it.
2. Find at least three people who used to do this kind of work and don't ever want to do it again. Ask them why they feel that way.
3. Locate the most successful three people you can who have done this job and find out what these persons' views are on how to be highly successful in the position and to gain satisfaction from the work.
4. Talk to as many people as you can who have been laid off or fired by your potential boss to find out how they view working for the boss.
5. Talk to as many people as you can who have received promotions after working for your potential boss to find out how they describe working for the boss.

Naturally, if you want to do even more homework, you can also

add some relevant education to your preparations. If you do, study what you can use every day in the new business or job.

Be prepared to succeed!

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