

Business myths

[Business](#)



Teacher A. Are these myths? Explain why each is either true or a myth To be successful you have to be first. This is also sometimes reworded as “ the first

in, wins” or “ first mover advantage.” This is a myth. Being first or a pioneer does not guarantee success. If the product or service does not have a need or want, it will still fail even if it is first.

2. To be successful, you have to be cheaper. Take an SBA (Small Business Administration) course, and they will tell you that if your only competitive point is to be cheaper, don't bother starting your business. Cheap does not tantamount to success. If the product is poor, nobody will still buy it even if it is cheap.

3. I'm a good cook so I should start a restaurant. “ Hey, this meal is fantastic! You should start a restaurant!” This is a myth. Starting a restaurant requires various skills other than being a good cook

4. The customer is always right. You should never tell a customer that you don't want them as a customer any more. This is true. Customer is the reason why a business exists.

5. I'll just open my store, and people will stream in off the sidewalks and buy from me. This is also known as the “ If you build it, they will come” approach to business. Accessibility does not guarantee success in business. Customer may try it out but will not return if the product or service is poor.

6. It's a cool idea. Everyone will love this. Often focus groups provide such input to marketers—we love the idea. Focus groups gives an indication of how the market will receive the product in the market given their past experiences and knowledge. But again, not a guarantee that such will succeed in the market.

<https://assignbuster.com/business-myths/>

7. Ours is better so we'll be successful. Quality always wins. It is true. Quality always win especially if coupled with reasonable price.

8. Adding more people to the project will make it go faster. This is a very common view in the software world. Myth. Too many cook spoils the broth.

9. Failure is bad. Failure is the opposite of success. This is why dodge ball has been banned in schools and soccer teams are penalized if they get more than five goals ahead of their competitors. The examples are Myth. But the statement that failure is bad is correct. Taken as a whole, this is a myth.

10. Knowledge is Power. In the knowledge economy, knowledge is the distinct capability that is necessary for success. True. Knowledge is an enabler.

11. Cash flow is what really matters in business. Profit can just be a trick of accounting whereas cash flow controls whether you can stay in business. Many companies go out of business due to cash flow challenges, even though they were profitable on paper. Myth. While cash flow is important to keep the business running, it is not everything. Business also needs to invest and there are expenditures that do not immediately affect cash flow.

12. Having more customers is better than having fewer customers. Would you believe that some companies go out of business because they have too many customers or too much demand for their product? False. Customers are never too much. They are the very reason why a business exists.

B. Is it true that: YOU CAN WIN CUSTOMERS JUST by LOWERING YOUR PRICES? Explain. No. Price is just one of the components in attracting customers. Customers will still stay away from business even if the price is low if the product or service has a poor quality or does not have a need or demand. Low price must be coupled with good product or service to win

customers and there should also be a need or want for it to succeed.

Promotion is also needed to attract customers in addition to price and quality.

C. Would you say that you should never form a partnership or a new business with close friends? Explain. There are a lot of big businesses that started from friendship. Examples are Hewlett and Packard and the legendary Steve Jobs and Steve Wozniak of Apple Computers. However, the business must be treated as a business and transactions must be treated professionally for the business to succeed. What is bad between friends forming a business is that when they do not treat the business professionally just because they are friends.