

2- Review common pitfalls in the selection of new ventures

1. Inadequate planning of the business
2. Insufficient initial capital for start-up period and development stages due to inadequate planning
1. Mistaken estimate of market demand for product or service
2. Lack of [management ability](#)
1. Failure to select *and use* appropriate outside professional advisors
2. Inability to [market](#) product or services effectively
3. Over dependence on a single individual or on a predicted specific event
4. Failure to understand capital requirements of a [growing business](#)
5. Poor timing of expenditures due to poor planning
6. Expedient rather than reasoned [decision-making](#)

4- Examine why new venture fail (capital often)

Development risk: Can the product or service actually be created?

Manufacturing risk: If the product can be developed, can it actually be produced in appropriate volume?

Marketing risk: If the product can be made, can it be sold effectively?

Financial risk: If the product can be sold effectively, will the resulting company be profitable *and* can the profits actually be realized in a form that allows investors to receive cash?

Growth risk: If the company can achieve operating profitability at one level, can profitability be maintain as the company evolves?