20 MISTAKES THAT AN OXYGEN BAR ENTREPRENEUR MAKES

**Mistake 1:** Failing to spend enough time researching the oxygen bar business idea to see if it's viable. This is really the most important mistake of all. They say 9 out of 10 entrepreneurs fail because they're under-capitalized or have the wrong people. We say 9 out of 10 people fail because their original concept is not viable. Some oxygen bar owners want to be in business so badly that they often don't do the work they need to do ahead of time, so everything they do is doomed. They can be very talented, do everything else right, and fail because they have ideas and business plans that are flawed.”

**Mistake 2:** Miscalculating market size, timing, ease of entry, and potential market share. Most oxygen bar entrepreneurs get very excited over this idea after seeing how successful it is in Las Vegas (or other tourist areas) and don't look for the truth about how many people will want to buy it in their area. They put together financial projections as part of a presentation to pump up themselves or their investors. They say traffic through a mall would be 1,000,000 people during a year period, and if they could only sell to 2 percent of them, they'd be selling a 20,000 sessions during the course of a year at $10.00 per session, for a $200,000 yearly gross income. 2 percent of a market is a lot, and in most cases it would figure to be way less than 1 percent in a mall situation.

**Note:** Airheads will not sell equipment to any entrepreneur whose only intention is to have their equipment sitting in a shopping mall.

**Mistake 3:** Underestimating financial requirements and timing. Entrepreneurs set their financial requirements based on Mistake 1, and they go ahead and make a commitment to this much space, and this much equipment, and hire a manager of sales, and so on. Before they know it, based on sales projections that were wrong to start with and they have created unnecessary costs that require those projections to be met. Do this and inevitably you will run out of money.
Mistake 4: Making cost projections that are too low. Most entrepreneurs make cost projections that are always too low. Part of the reason is that they project much higher sales. There are also unknown reasons that always come out that usually make costs higher than planned. So on top of everything, their margins are now lower."

Mistake 5: Hiring too many people and spending too much on rent and facilities. Now you have lower sales, higher costs and too much overhead. These are the things that you see every day in companies that fail. And they all grow out of that first mistake: failing to research the size and viability of the opportunity.

Mistake 6: Lacking a contingency plan for a shortfall in expectations. Even if you're realistic in your estimates to start, there are things that happen when you start a new business. Your sales ideas may be no good, bank rates may go up, there may even be a shipping strike. These aren't the result of poor planning, but they happen. More often than not, entrepreneurs just feel that something will come along when they need it. They don't have contingency plans for it not working out at the size and time they want. Always have a backup plan in case your original business plan does not work out.

Mistake 7: Bringing in unnecessary partners. There are certain partners you need. For instance, you may need money, so you're going to need money partners. But too many times the guy with the idea takes on all his friends as partners. Many people don't provide strategic advantages and don't warrant ownership, but they're all going to get 25 percent of the company. It's totally unnecessary and it's a mistake. Before people are made partners, they should have to earn it.

Mistake 8: Hiring for convenience rather than skill requirements. In my first business or two I hired relatives and friends. It was easy to do, but in many cases, they were the wrong people for the job. Remember that this is a CASH business (in most cases) and it's hard to fire people, especially if they're relatives or friends. More time needs to be spent handpicking people based on skill requirements. You really need super-skilled people who can wear more than one hat. It just bogs you down when you hire people who can't do the job.
Mistake 9: Neglecting to manage the entire company as a whole. We see this happen all the time. Most entrepreneurs will spend half their time doing something that represents 5 percent of their business. You have to have a view of your whole company and too often, the person running it loses that view. They get involved in one aspect of their business and they don't manage the whole. Take a step back and constantly try to see your big picture.

Mistake 10: Accepting that it's "not possible" too easily rather than finding a way. I had an engineer who was a very good engineer, but with every new piece of equipment we developed he would say, “You can't do it that way.” I had to be careful not to accept this too easily. I had to look further. If you're an entrepreneur, you're going to break new ground. A lot of people are going to say it's not possible. You can't accept that too easily. A good entrepreneur is going to find a way and prove those doubters wrong!

Mistake 11: Focusing too much on sales volume and company size rather than profit. Too much of your management is often based on volume and size. So many entrepreneurs want to say, “I have a company that's this big, with this many people, this many square feet of space, and this much sales.” There is too much emphasis on how fast and big you can build a business rather than how much profit it can make. Bankers and investors don't like this. Entrepreneurs are so into creating and building, but they also have to learn to become good business people.

Mistake 12: Seeking confirmation of your actions rather than seeking the truth. This often happens: You want to do something, so you talk about it with people who work for you. You talk to your family and friends. But you're only looking for confirmation, you're not looking for the truth. You're looking for somebody to tell you you're right. But the truth always comes out. Take your time and test our products in different markets and listen to what the people and numbers say. You should give much more value to the truth than to people saying what you're doing is great.
Mistake 13: Lacking simplicity in your vision. Many entrepreneurs go in too many directions at once and do not execute anything well. Rather than focusing on doing everything right to sell to their biggest markets, they divide the attention of their people and their time, trying to do too many things at one time. Once this happens, their main product isn't done properly because they're doing so many different things. Get your oxygen bar business running first before you look for peripherals and add-ons to sell along with the sessions.

Mistake 14: Lacking clarity of your long-term aim and business purpose. You should have an idea of what your long-term aim or goal is. It doesn't mean that won't change, but when you aim an arrow, you have to be aiming at a target. This concept will often come up when people ask, “How do I pick a business?” The answer depends on what you're trying to do. If you're trying to create a billion-dollar company with our product, forget it! But if you're trying to build a million-dollar company, it just may work, or, if you're trying to create a company in which family members can be employed, it can work also. Clarity of your business purpose is very important, but is not often part of the thought process.

Mistake 15: Lacking focus and identity. This was written from the viewpoint of building the company as a valuable entity. The company itself is also a product. Too many companies try to go after too many targets at once and end up with a potpourri rather than a focused business entity with an identity. When you try to make a business, it's very important to maintain a focus and an identity. Don't let it become a potpourri, or it loses its power. Your Company needs to be focused on what it is. Then its power builds from that.
Mistake 16: Lacking an exit strategy. Have an exit plan, and create your business to satisfy that plan. For instance, I am thinking I might run my new business for two years and then get out of it. I think it's an opportunity to make a tremendous amount of money for two years, but I'm not sure whether it's proprietary enough to stop the competition from getting in. So I'm in with an exit strategy of doing it for two years and then winding down. I won't commit to long-term leases, and after the first year, we'll start watching the marketplace very closely and start watching inventories. Simultaneously, I will keep the option open to sell my equipment (or business) in case I can't get something more proprietary. Another exit strategy can be to hand the company to your kids someday. The most important thing to do is to build a company with value and profits so you have all the options: Keep the company, sell the company, and raise private money and so on. A business can be a product as well.

Mistake 17: Purchasing the wrong equipment. Many people interested in adding on oxygen bar equipment to their existing business can make many costly mistakes. They will usually compromise what they really need to operate properly for their pocketbook concerns. Just because a unit looks cool and doesn't take up much space is NOT a reason to purchase the unit. Never "settle" or short-change yourself because of lack of capital. If you are already in business and making money, an Oxygen Bar is just an add on for you to make more! A sensible investment will not put you out of business, just INCREASE business. Purchase equipment that can be expanded without much outlay to upgrade in the future.

There are many oxygen bar companies springing up these days promoting "no more nose hoses" -- "small and portable" "new technology", or "cool looking units." Be aware that these machines DO NOT PRODUCE MUCH OXYGEN. Ask the so called wholesalers how much oxygen is being produced by these machines. These machines only produce 30% at best, and if they tell you more than 30%, they are LIARS! Ambient air that we breathe normally contains 21% oxygen. Why bother wasting your hard earned money on O2 machines that will produce only up to 9% more than you are breathing right now? If you plan on calling your service an "oxygen bar", be sure that your clients will receive the benefits of at least a 90% oxygen output. Most of these 30% oxygen units utilize "head-set technology" to eliminate the use (and cost) of nose hoses. These head-sets have major flaws for use in a public environment. These head-sets "spray" the oxygen in the general direction of
By the time the oxygen reaches your nose, it has been mixed with the ambient air and has been diluted at least 50%. This will reduce the 30% oxygen level, that these units produce, to below 25%. Probably the best argument for NOT using these machines are people sneeze, cough, and "spray" when they talk and the head-sets get unsanitary quickly. Since the head-set is used by everyone, and just the tip should be changed, there has been some documented cases of people contracting lice from head-set sharing.

**Mistake 18:** Purchasing foreign equipment. Many oxygen bar companies sell units are produced over-seas. If you have a warranty problem, you may have to handle all of the logistics yourself. You must ask the equipment distributor how warranty issues are handled. Make sure your equipment is manufactured in the USA and make sure you purchase equipment from a reputable manufacturer who has been in business many years and has a written or posted warranty.

Just remember, **there are NO new breakthroughs in oxygen concentrator technology.** You still need molecular sieve beds to separate the oxygen and you still need it delivered direct to your nose (*or mouth*) to get it's full benefits. Purchase equipment from a reputable company whose equipment will be as easy to deal with as themselves. Purchase from a company who will honor their warranty and stand behind their product.

**Mistake 19:** Paying by cash or by check only. There a few un-reputable oxygen bar companies and distributors who insist on getting paid by cash or check. Be very wary of these tactics as when your funds have cleared, you will have no recourse if you do not get what you paid for. Always pay by credit card wherever possible. By doing this, you can almost guaranty safety and confidence in your purchase. Anyone can make a promise, not everyone can keep one.

**Mistake 20:** Purchasing from the wrong oxygen bar supplier: Always check with the Better Business Bureau to see if there have been any registered complaints against the company. Be wary of companies that offer a "buy-back program" for their equipment after purchase. Ask these companies for a written and signed copy of this policy, including any restocking fees that may apply. Make sure you can contact this oxygen bar company on a consistent basis. Call them a few times on different days and different hours.
Leave messages for a return phone call and see how long it takes for them to call you before you make your purchase.

**Here are 5 Tips to Get You on the Right Track**

Is there any difference between doing nothing wrong and doing everything right? While you're avoiding the above 20 mistakes, you should also try to do five key things right. If you do those five things, you're probably not going to make those other mistakes.

1. Know your goals for the venture. Many people see an opportunity without ever asking themselves what they're doing it for. Are they trying to make a quick buck? Create a legacy? Have a lifestyle? There are a lot of reasons. It's critical that you know from the beginning what your goals are, because everything else is going to revolve around that."

2. Recruit and hire the best people. It sounds almost cliché now to say I'd rather have an A team with a B idea than a B team with an A idea. The right team can fix a lot of problems. If you don't have the right team, you don't have much of a chance, so get the best people available at the time.

3. Develop a forgiving strategy. Things are going to go wrong and they're going to be harder, take longer and cost more money than you think. You have to have a strategy to survive. A lot of people put together a plan that will work only if everything goes right. It's not going to.

4. Be honest with yourself. Recognize shortcomings, weaknesses and problems immediately. Do not ignore them or try to talk yourself out of them and address them head-on.”

5. Commit to the business. You can't really do anything significant without fully committing yourself to it. A lot of people try to dabble and they think they'll do it part time and see how it works out. If you plan to be successful, you have to commit.