Over-Promising is the Worst Mistake an Entrepreneur Can Make

Nothing will underwhelm clients and customers more than under-delivering.

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In the shipping industry, expectations are often based on externalities. As a business owner, I can't guarantee USPS or FedEx will get a package to someone on time. They *probably* will, but I can't guarantee it.

And yet, that's exactly what I did when I started my first logistics company. I had seen delivery guarantees work in the past, and I promised a certain timetable based on that experience.

Of course, it didn't play out the way I'd promised. Packages weren't being delivered in the windows the clients were expecting. They were calling us, asking what was going on and questioning whether this would hurt their own timelines. We were in a panic, trying to figure out what was going on and doing everything we could to make it right.

I had made the worst mistake any entrepreneur can: I had over-promised and under-delivered.

It's a classic mistake for a new company. When you're starting out, you're tempted to promise the world to potential clients in order to get their business. But if you've made those

promises just to get a customer, it will come back to bite you later on.

Here’s why it’s never a good idea to promise more than you can provide:

Over-promising and under-delivering mean you’re getting people’s hopes up when you’re unable to deliver on what you’re saying.

Over-promising is often instinctual. You just want to make people happy, and promising them something great is an easy way to do it.

In reality, people actually prefer you just be honest with them and then meet or exceed the expectations you’ve set. Over-promising hurts your business’s credibility, it hurts your revenues, and it hurts your reputation. People will begin to recognize you as “that guy”—someone who will deliver, but with a half-assed version of what was promised.

You don’t want to be that guy. Instead, you want to be the person who tempers expectations but then over-delivers.

It’s easy to see why entrepreneurs often make promises they know are too good to be true. They fear that by setting expectations too low, competitors will swoop in and take clients by promising them more.

In the long run, those clients will be back when they realize your competitors can’t deliver what they promised. However, you can still lose out on sales if the gap between what you promise and what your competition promises is too large. The only way to successfully navigate this situation is by being honest without selling yourself too short. Whatever you tell them can’t be misleading and it can’t set an expectation you won’t meet.

When you’re honest, you give yourself an opportunity to

actually exceed the expectations you've set. And that's how you lock down long-term clients who trust your ability to consistently deliver on your promises.

Setting the right expectations comes down to knowing your data.

Telling people exactly what you can do sounds pretty simple in theory. But in reality, many entrepreneurs struggle with setting expectations.

That difficulty often comes down to a lack of knowledge about their business and their finances. To properly set expectations, you have to know your business's data inside out.

For example, many entrepreneurs have trouble understanding cost when they first start out. They don't know exactly what their margins will be, so they guess at numbers. They're then forced to go back to clients and tell them the price will actually be two or three times higher than expected—which is the fastest possible way to lose an existing client.

This happens all the time in the restaurant industry. Owners who don't work in the kitchen or help with the food ordering process don't know how much money they're spending or food they're wasting. With the margins most restaurants live on, a lack of insight into those costs can easily end in failure.

As an entrepreneur, you have to know all your costs. Analyze the cost of labor per unit produced and get clarity around your finances. You can then pass that knowledge on to your clients when it comes time to set expectations.

Making honest promises is always based on an understanding of the industry.

If you have to over-promise, that generally means you're not confident in your company or your offering. You're trying to make people happy with words, rather than your service.

Confidence stems from knowing your product inside and out. It comes from knowing the space you're in and understanding how the industry works. For example, before I founded ShipChain, I spent time doing everything from packing boxes in a warehouse to booking freight and international shipments. I learned to handle all those processes and got intimately acquainted with common problems within the shipping industry.

Too many entrepreneurs understand their technology, but don't know the actual business they're trying to sell that technology to. They start companies based on what they *think* the problems are within the industry.

That lack of understanding almost always leads to over-promising. My advice is to learn the industry you're getting into back-to-front. Spend time working with employees and getting a feel for day-to-day operations. Trust me, there's only so much you can find on Google.

If you know how the industry operates, then you know what problems you need to solve. And if you also understand the ins and outs of your business, then you have everything you need to set reasonable expectations for your clients and deliver on your promises.

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