COMMON INVESTMENT MISTAKES IN COOPERATIVES AND SOLUTIONS

OMOLOLA A.S. (ASST. DIRECTOR OF COOPERATIVES)
08023015243. niyiboye_y2k@yahoo.com

DEFINITIONS OF INVESTMENT

- The action or process of investing money for profit.
- A thing that is worth buying because it may be profitable or useful in the future.
- An act of devoting time, effort, or energy to a particular undertaking with the expectation of a worthwhile result.

DEFINITION OF COOPERATIVE

An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.

This definition set out seven cooperative principles:

* voluntary and open membership;
* democratic member control;
* member economic participation;
* autonomy and independence;
* education, training and information;
* cooperation among cooperatives;
* concern for community.

INVESTMENT OPPORTUNITY IN COOPERATIVE

* Commodity trading
* Land
* Housing/Real Estate
* Entertainment and humanity Business
* Agriculture Business/Food Business
* Transportation Business
* Health and Medicine

Investment mistakes can cost societies money, and that's why you must try to avoid th
Successful investing is not just about selecting the right business/investment. One must a
avoid simple mistakes that might undo all the previous hard work.

SOME INVESTMENT MISTAKES TO AVOID

1. Status of the society: the nomenclature of your society determine the type investment the society can engage into legally.
2. Lack of Planning: Don't let your enthusiasm prevent you from taking the time to p your business strategy and protect yourself legally or financially.

Many entrepreneurs fail to prepare a business plan. Taking the time to chart a business pl will help keep your efforts consistent, serve as a rallying point for your team and gi milestones to measure your progress. "Plans are only good intentions unless th immediately degenerate into hard work."

So, after determining the strategy you want to use, the next thing is executing the strateg Executing a strategy is a step-by-step process and to become successful

3. Unclear investment objectives/goal:

The adage, "If you don't know where you are going, you will probably end up somewher else," is as true of investing as anything else. Everything from the investment plan to th strategies used, the portfolio design, and even the individual securities can be configured wit your life objectives in mind.

4. Inadequate financial preparation and business plan

It's common for entrepreneurs to neglect financial planning and lowball how much capita they'll need to get their business up and running. The result is often inadequate financing to achieve your goals and/or a cash squeeze just as the business is hitting its stride.

To avoid such problems, be sure to prepare financial projections for your new business, especially for the first 12 months. This can also help you secure financing and investments.

5. Failing to monitor progress and adjust

your business plan and financial projections gather dust. Make them living documents by continuously monitoring your progress and updating your plan and projections.

6. Buying assets with your savings

A frequent mistake that can cause a cash shortage is using your operating cash to pay for long-term assets.

7. Ignoring technology

Be sure to consider how technology could pay off for your business with improved growth, efficiency and profitability.

8. Failing to learn

As you start your business, learn from your initial missteps and use them to guide your eventual success. Remember that many winning entrepreneurs failed in their first attempts but came back to thrive after studying what went wrong and improving.

9. Not doing due diligence:

There are many databases in which you can get information about investments. The best case is that you avoid the next "Madoff" scheme.

10. Letting emotions get in the way:

Investing brings up significant emotional issues that can impede decision making. Do you want to involve your spouse in planning your finances? What do you want to happen with your assets after you die? A good adviser will be able to help you construct a plan that works no matter what the answers to these questions are.

11. Insurance:

Loss of products, damaged equipment or If someone slips and falls on your premises, if you have an accident with a business car, or if you are sued for a defective product, malpractice or any other sort of wrongdoing, these sorts of claims can be devastating to both your business and your society. Consult an insurance agent and get enough insurance to cover you.

12. Buying high and selling low:

The fundamental principle of investing is to buy low and sell high, so why do so many investors do the opposite? Instead of rational decision making, many investment decisions are motivated by fear or greed. In many cases, investors buy high in an attempt to maximize short-term returns instead of trying to achieve long-term investment goals

13. Paying too much in fees/overhead cost:

High overhead cost of running a business can have a significant effect on the outcome of that business over the long term. Before Venturing into any business, be aware of the potential cost of maintaining the business.

14. Failing to diversify enough:

The only way to create a portfolio that has the potential to provide appropriate levels of risk and return in various market scenarios is adequate diversification. Often investors think they can maximize returns by taking a large investment exposure in one sector. But when the

All too often, though, business partners fail to put anything in writing because they get along well with each other and think they'll always be able to resolve things informally. This is frequently untrue, and disputes between partners can be difficult, expensive, and emotionally draining.

GOLDEN RULES OF INVESTMENT

1. Get time on your side

The biggest enemy to successful investing is procrastination. It robs you of the powerful benefits of compounding returns. Starting as soon as you can and re-investing your gains can have a major impact over time, even with humble resources.

2. Plan well execute well

3. Carry your members along

4. Don't put all your eggs in one basket (Diversify)

All investment markets will go through good and bad periods. Diversification is a great way to manage investment risk and seek better returns because you are not exposed to the unpredictability of any one market or business type.

5. Set specific objectives and timeframe

It is very difficult to choose the best investments if you do not have a clear picture of what your goal is and what time frame you want to reach it in

6. Use the wisdom of experts

7. Technology and information

8. Mitigate against loss (Insurance)

9. Set up an investment committee

> "A good definition of an investing genius is the man or woman who can do the average thing when all those around are going crazy."
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> - Morgan Housel