

The

by Bev James

Word



Why do some businesses fail whilst others flourish? Sometimes failure can be fast and furious; other times it's a slow painful death of a thousand cuts.

Taking time to consider why a business can fail should be viewed positively.

Knowing what could happen gives you the opportunity to put steps in place to avoid the unthinkable happening.

Starting a new business can be a very exciting experience. People often plough their life savings into the business and may even employ family members. When a business succeeds, their lifestyle often reflects this success; a nice car, a big house, children in private school perhaps. But if things go wrong, the consequences can be disastrous, emotionally damaging and very stressful.

The greatest fear of many employed people is that, one day, they may go to work and find that they are being made redundant and lose their job. The greatest fear for most entrepreneurs and business owners is, that if things don't work out they may need to get a job. Most business owners become unemployable in their own mind; they like to be masters of their own destiny and can't bear the thought of working for someone else.

In simple terms, failure is not an option and the following steps will help you to stay ahead of the game and reap the rewards of all your hard work.

MANAGE YOUR CASH FLOW

Cash management is critical. Make sure invoices are sent out in a timely

manner. No matter how small your business, you need systems and procedures in place for money management. One of the main causes of business problems is the failure to manage debt. Make sure customers agree your payment terms and stick to them. If possible, re-negotiate terms with your suppliers so you get paid before you have to pay them.

GET YOUR MARGINS RIGHT

There is saying 'turnover is vanity, profit is sanity'. Don't be so keen to win new business that you drop your prices so low and no longer make a profit. Review your margins on a regular basis, keep an eye on increasing costs and either reflect the increase in your own prices, renegotiate with suppliers or find new ones.

INVEST IN GOOD PEOPLE

As a business grows, the key is to invest in good people - anything else is false economy. If you choose to employ friends and family make sure they have the right knowledge and skills to help the business flourish. The wrong person will drain your cash and could derail your business.

BWARE OF THE OSTRICH EFFECT – YOU MAY NOT SEE CHANGE COMING

Keep an eye on future trends. Is your product or service in danger of becoming obsolete? Resistance to change and lack of adaptability is a fast track way to failure. Keep your

...why businesses fail

finger on the pulse and an eye on your Key Performance Indicators (KPIs).

MAKE HARD DECISIONS FAST

If you hit tough times or lose a big client, don't live in the hope that things will turn around. Cut your overheads, cut staff if need be and renegotiate contacts. You can't expect your business to maintain the same overheads when income drops. Failure to make tough decisions can be one of the biggest reasons for businesses going bust. Whatever you do, make sure you take action. Drive on with sales but cut costs if you want to stay in the game. You can always rebuild and rehire when things improve.

REWARD YOUR BUSINESS CHAMPIONS

Who can you rely on to deliver results? These people are your 'champions', so make sure you acknowledge and reward their hard work and commitment.

A business team should be no different from a sports team, everyone should be striving for the same goal, and each person should put in the same amount of effort. They need to continue to earn their place on the team in order to stay on the team. One of the biggest demotivating factors for high performers is seeing poor performers get away with doing the bare minimum.

Your frontline team will impact the bottom line of your business, so you need to get it right.

With the right mindset and right team behind you can turn temporary setbacks into a comeback. Lead from the front, stay ahead of the game and your business will flourish.



Bev James is CEO of The Coaching Academy and the Entrepreneurs' Business Academy. She is the bestselling author of DO IT! OR DITCH IT® (Virgin Books). Bev is also Director of Mentoring for Start Up Loans, a government initiative supporting young entrepreneurs.

Web - www.bevjames.com

Twitter - @Bev_James

Facebook - www.facebook.com/bevjamesuk

FAILED

FAILED
FAILED
FAILED
FAILED
FAILED