

Don't Let These Weaknesses Ruin Your Business

It is well documented that the failure rate for small businesses and SMEs is staggering. By most estimates, 70% of startups will be operating in two years, but only 50% will still be operating in five years. There are many reasons for these business failures, but some reasons consistently stand out more than others. Fortunately, for almost every weakness there is a cure. Improving upon these weaknesses can reverse the failure rate for a small business or SME and put it on a course to success.

As a business owner, be aware of these weaknesses that are most prevalent and can have a damaging effect on your business:

Basic Knowledge

While many small business and SME owners know the technical aspects of their businesses quite well, they often lack the basic knowledge in all core functions necessary to operate a business through the various organizational life cycles.

It is this wide diversity of knowledge that is necessary for survival, success, and growth. Do you know more than the basic functions of your business? If not, it's time to learn.

Strengths and Weaknesses

It is important for every business owner to know how his or her business fits into the competitive landscape in which the business operates. A business cannot improve if the owner does not understand its internal strengths and weaknesses. Without this knowledge, it is also difficult to ascertain untapped market opportunities or recognize external threats that might hinder a business. Do you operate your business in a vacuum, or do you take the time to understand the competitive landscape and how to make the most of it?

Finances

Cash is king in a small business or SME, but many businesses in this category operate day-to-day simply hoping for better results tomorrow. As an owner, you must know what products or services bring in the highest profit, what expenses are out of line, and whether your business will be cash flow positive in the future. A general lack of business finance knowledge and poor cash management is a partnership for disaster. When is the last time you prepared a cash budget for the next three or six months to make sure you don't operate "in the red?"

Planning

Planning is important for any business regardless of size. Businesses must establish growth objectives that include all facets of the business such as operations, sales, marketing, and employees. Planning creates a proactive rather than a reactive environment in a business. Are you planning for the future?

Customers

Frequently, if not all the time, small business and SME owners are so swamped with work that they never take the time to "step into the shoes" of their customers to see and experience their business from another vantage point. It is important for a business owner to understand what customers like and dislike about the business, how the competition differs, or what customers desire most when dealing with a business. Have you taken the time to "step into the shoes" of your customers?

Little Things

Little things in a business mean big things to employees, customers, vendors, bankers, and other business relationships. The lack of detail, follow-up, and sense of urgency, especially, when dealing with customers will always result in a lack of customer service and retention. The recipe for business growth is satisfaction for everyone involved with a business. Are you following this recipe?