

Problem Solving in a Small Business

You're a small business or SME owner. A problem develops in your business. How do you solve it? Often times, the solution is a quick reaction without forethought or thinking about potential future implications. Perhaps, the decision is a good one...perhaps not so good.

Component Parts of a Problem

Simple problems may have simple solutions. Frequently, however, business problems involve many factors that must be considered if a permanent remedy is to emerge. All of the component parts of a problem must be reviewed separately and analyzed through a logical process of reasoning.

- What happened?
- What caused this to happen?
- Could it have been prevented?
- What was the result of this happening?
- Most likely, there will always be something known about the problem before any investigation takes place (old information). After a thorough investigation, then new information is revealed and acquired. After all relevant questions are answered combining the old information with the new information, then significant conclusions can be drawn.

Benefits of Component Problem Solving

There are several benefits to using the component approach to problem solving:

- Clarity is gained about the problem and possible solutions.
- Spontaneous, irrational, and emotional decisions are avoided.
- The probability of success can be interpreted more accurately.
- Analytical Thinking

The phrases "problem solving" and "analytical thinking" are often used interchangeably; however, there are differences. Analytical thinking is the breaking down of bits of information. The terminology is used especially in the context of deciphering large amounts of numerical data. Analytical thinking also tries to create a cause and effect relationship between when something occurs and its result. This type of thinking uses facts to support conclusions rather than using opinions on which to base conclusions. Analytical thinking and problem solving go hand-in-hand.

Importance for a Business Owner

Regardless of the type business, how it is organized, where it is located, or how long it has been in existence, there will always be some problems. Hopefully, they will be more infrequent than frequent, and small problems that can be resolved rather quickly as opposed to large problems necessitating time and effort. Effective problem solving, however, is an essential characteristic to operate an efficient business that is capable of growing into a long-term sustainable entity. Rather than making a quick, irrational decision when a problem arises, the perceptive business owner is one who understands the benefits of processing facts and figures before making a decision that could possibly produce more negative outcomes rather than producing sought after positive outcomes.

Success or Failure

The way business issues are handled often makes the difference between success and failure. It is not only how a current "issue or problem" is handled, but also how the same or similar issues can be prevented from recurring in the future. Problem solving should not be viewed as a one-off situation, but viewed with the understanding that problem solving is a continuous business process. Actual problems might differ (which they should if handled properly in the first place), but new problems will always be developing, as old ones are resolved.

Problem solving is a process:

- Issues arising
- Investigation
- Conclusions drawn
- Decisions made
- New issues arise
- Process repeats itself
- Manageable Units

Understanding that multiple problems might occur at the same time, it is important for owners to accept the fact that everything cannot be "fixed" immediately although this would certainly be the optimum solution. It is prudent to take a step-by-step, methodical approach breaking various problems into manageable units, so they are not overwhelming to owners or managers. Identify the problem that is causing the greatest financial impact on the business and the most disruption. That's the problem to work on first!