

THE TOP REASONS FOR BUSINESS FAILURES

Each year, thousands of businesses fail. While business failures know no size boundaries, the majority are small businesses. According to data from the Administrative Office of the U.S. Courts, more than 98 percent of businesses that have filed for bankruptcy since 1980 have been in the small business category.

Starting a business is easy. Making it successful and lasting is not. It takes paying attention to what is happening and making adjustments along the way. But, too many business owners are far too busy these days working IN their business rather than ON it.

When a business fails, it is due to factors that build up over time. Rarely does a problem occur that causes a business to fail suddenly. Most business failures happen because of internal failures, not external factors such as competition or economic conditions. Here are the most common reasons for business failures.

<p style="text-align: center;">Management</p> <ul style="list-style-type: none"> § Inability to reach decisions and act on them § Failure to keep pace with management systems § Poor personnel relations § Loss of key personnel § Illness of key personnel § Lack of staff training § Poor relations with suppliers § Loss of control through creditors' demands § Inadequate insurance § Reluctance to seek professional assistance 	<p style="text-align: center;">Finance</p> <ul style="list-style-type: none"> § Growth without adequate capitalization § Ignoring adverse financial data § Inadequate financial records § Poor control of receivables § Absence of quality forecasting § Extending too much credit/poor credit control § Loose control of liquid assets § Insufficient working capital § Over-borrowing or using too much credit § Inefficient cost and quality controls § Ineffective pricing strategies § Failure to minimize exposure through tax planning
<p style="text-align: center;">Marketing</p> <ul style="list-style-type: none"> § Loss of impetus in sales § Poor customer relations § Inability to cope adequately with competition § Competition disregarded due to complacency § Failure to anticipate market trends § Failure to promote and maintain a favorable public image 	<p style="text-align: center;">TOP REASONS FOR BUSINESS SUCCESS</p> <ul style="list-style-type: none"> § Working ON your business — Thinking, Planning, and Taking Action § Focusing your attention on Products, Services, Employees, Customers, and Markets § Continually Minimizing Costs and Expenses § Investing in Product Enhancement § Developing new Products and Markets § Attending to Customer Satisfaction, Improving Quality, Training Key Employees