

# THE '5 TOP' REASONS SMALL BUSINESSES FAIL

## BUSINESS FAILURE...HOW DOES IT HAPPEN?

What's happening? Why are there consistently so many small business failures?

## THE 'TOP 5' REASONS ARE...

### 1. OWNERS WHO CANNOT GET OUT OF THEIR OWN WAY.

They may be stubborn, risk averse, conflict averse -- meaning they need to be liked by everyone (even employees and vendors who can't do their jobs). They may be perfectionist, greedy, self-righteous, paranoid, indignant, or insecure. You get the idea. Sometimes, you can even tell these owners the problem, and they will recognize that you are right -- but continue to make the same mistakes over and over.

### 2. OUT-OF-CONTROL GROWTH.

This one might be the saddest of all reasons for failure -- a successful business that is ruined by over-expansion. This would include moving into markets that are not as profitable, experiencing growing pains that damage the business, or borrowing too much money in an attempt to keep growth at a particular rate. Sometimes less is more.

### 3. POOR ACCOUNTING.

You cannot be in control of a business if you don't know what is going on. With bad numbers, or no numbers, a company is flying blind, and it happens all of the time. Why? For one thing, it is a common -- and disastrous -- misconception that an outside accounting firm hired primarily to do the taxes will keep watch over the business. In reality, that is the job of the chief financial officer, one of the many hats an entrepreneur has to wear until a real one is hired.

### 4. NO BUSINESS PLAN.

Knowing what your business will be and how you will sell your products or services are not enough to keep it running. You need to have a business plan written out, including (but not limited to) the following:

- short goals
- long term goals
- target markets
- marketing

Having one which outlines every detail will guide your business down a successful path.

## **5. LACK OF A CASH CUSHION.**

If we have learned anything from recessions it's that business is cyclical and that bad things can and will happen over time -- the loss of an important customer or critical employee, the arrival of a new competitor, a lawsuit. These things can all stress the finances of a company. If that company is already out of cash (and borrowing potential), it may not be able to recover.

Actually, there are many more than the Top 5 Reasons...*possibly 500 more!* Here are a few extras for you to ponder. I'll be happy to discuss all and more of them with you personally over a coffee...I'll buy...

- **OPERATIONAL MEDIOCRITY**
- **OPERATIONAL INEFFICIENCIES**
- **DYSFUNCTIONAL MANAGEMENT**
- **THE LACK OF A SUCCESSION PLAN**
- **A DECLINING MARKET**
- **WRONG REASONS**
- **INEFFICIENT MANAGEMENT**
- **LACK OF CAPITAL**
- **BAD LOCATION**
- **NO ONLINE PRESENCE**
- **CREATIVE DESTRUCTION**
- **...AND MANY MORE**

## **A COUNTER-MEASURE TO AVOID FAILURE**

It wouldn't be fair to leave you with this rather long list of reasons for small business failure without balancing it with a viable countermeasure to help you avoid them.

As you'll notice on my website, I offer a [free business performance coaching session](#).

Business performance coaching commonly generates at least 500% ROI...and in the process will help you avoid failure on your way to success!

---

**Guy Nelson**

## **Bali Business Coach**

Achieve Peak Business Performance

[www.balibusinesscoach.com](http://www.balibusinesscoach.com) | Mobile +62 87862752224

PT. Probizplan Indoplus Abadi | Bali, Indonesia