

What Causes Some Businesses To Fail?

By Rose Smith

What Causes Some Businesses To Fail?

Rose Smith
bizpicker@alberta.com

Bizpicker.com <http://www.bizpicker.com>

What Causes Some Businesses to Fail?

by Rose Smith, Copyright 2001
Written for <http://www.bizpicker.com>

Businesses don't necessarily fail because the owner was lacking energy, money or planning. Many owners have written very thorough and complete business plans that should have guaranteed success if followed. Others have put in a tremendous amount of time and energy, only to see their businesses nose-dive anyway. Still others have had a good influx of capital to help with start-up costs and cash flow for a good period of time.

So, why do these businesses still flounder and go under?

The answer lies in what the owners were missing in terms of knowledge about their business and their customers.

It just takes a willingness to learn what needs to be learned, capitalizing on your skill strength and shoring up on your weaknesses.

This is a point that many self-employed business owners just don't get. You have to learn about every aspect of your business and you have to keep on learning. It doesn't stop just because you've got your business up and running.

On top of the learning process, you also have to implement what you learn. What's the point of learning things if you are not going to use that knowledge to your advantage?

Here are the 5 top reasons that businesses fail:

- You need to thoroughly understand what you are selling, be that a product or service. If someone asks you to describe your product or service and how it will benefit them, you should be able to give a very persuasive and enlightening speech, creating a genuine desire in your customer to want what you are offering. You can't do this if you don't know everything there is to know about your product or service.
- A second reason is a lack of knowledge of marketing techniques. You have to know the ins and outs of marketing your business. You have to learn about marketing techniques and how to apply them to your business...what works and what doesn't in your own situation. You also need to understand the concept of testing advertising materials, how to track and analyze results and how to improve your marketing materials.
- A third reason businesses fail is that the owner doesn't have the time or the interest in the administrative details of the business. You have to keep your filing organized and understand the basics of bookkeeping. Keeping financial records straight regarding revenue and expenses is very important. You should know at any given time who owes you, who's paid you and what your expenses are in relation to cash flow in any given month. That does not mean you need to be an organizing, neat freak. But setting up and using a simple filing procedure and financial entry procedure is very important. If you don't keep track of your cash flow, you will be out of business in very short order.
- A fourth reason is not targeting and understanding who your customers are. You can't sell to everyone. Targeting narrows your advertising focus on specific types of customers. If you pay for advertising to sell to everyone out there, you will soon be broke. Understand your customers, get a feel for what their problems are and present them with a solution. If you know how to help them, they will bring you new and repeat business.
- The fifth reason is not looking for or recognizing opportunities that come your way. Many people seem to have tunnel vision. "This is the way I planned it and this is the way it is!" Sometimes an opportunity appears that will

help to improve your business. Be open to it. Your business plan is a guide...it's not cut in stone.

=====
Bizpicker.com is a business publication and website designed to help you sell or buy a business opportunity. Browse through business listings, read informative articles, or join their affiliate program and become a Bizpicker.com distributor associate today. <http://www.bizpicker.com>
=====

[Get-Articles.com](http://www.get-articles.com) : 1000's of reprintable business and internet marketing-related articles.

[Submit your article for reprint.](#)