

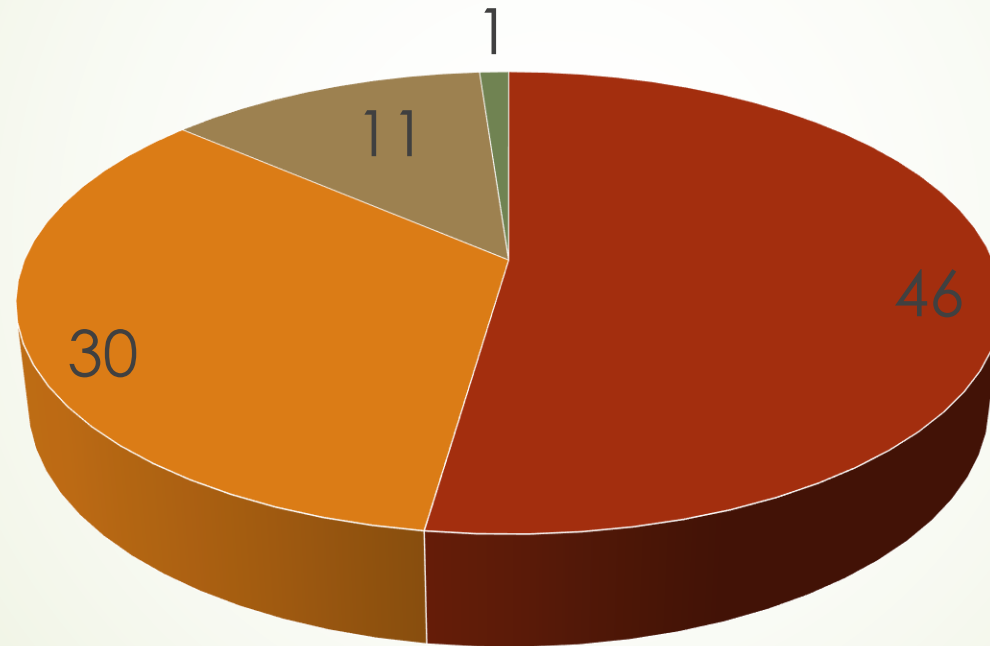


Small Business

Success or Failure?

Major Cause for Failure

Businesses reason of failure

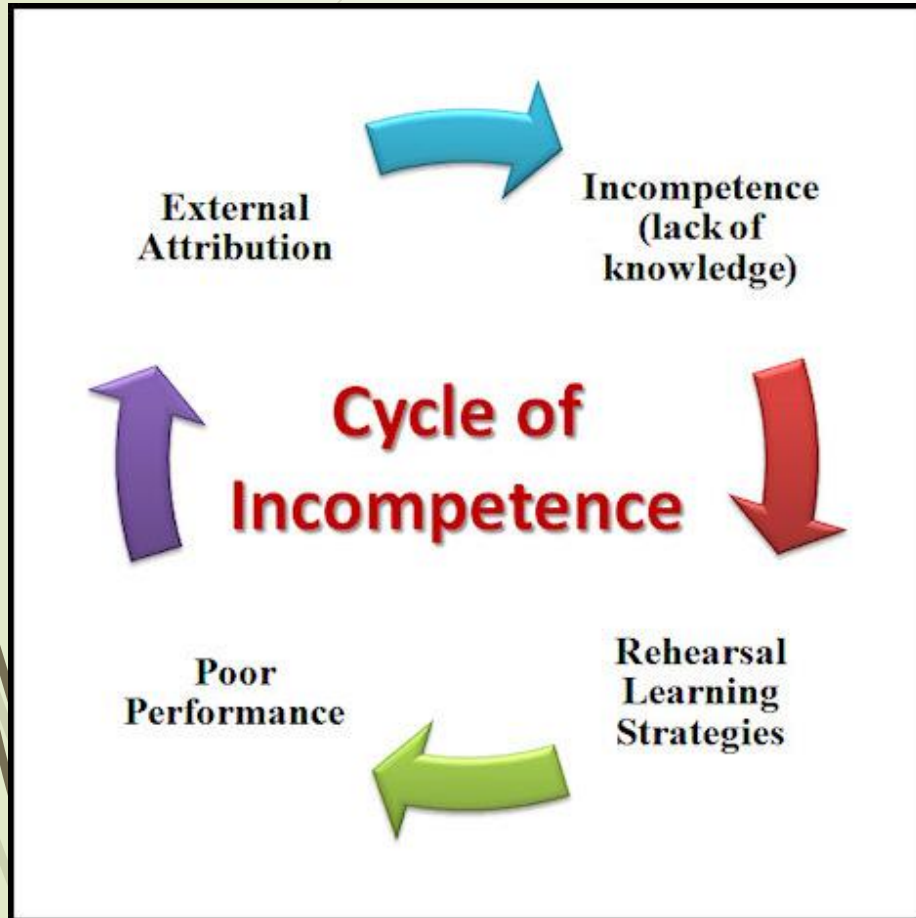


■ Incompetence

■ Lack of Exp

46%

Incompetence



Specific

*Pitfalls:

* Emotional Pricing

- * Living too high for the business

- * No Knowledge of Pricing

- * Lack of Planning

- * No Knowledge of Finance

- * No Experience in record keeping

Lack of Managerial Experience

30%



Specific Pitfalls:

- * Poor credit grant practises
- * **Too Rapid in Expansion**
- * Inadequate borrowing practises

Lack of Experience in Goods & Service

11%



Specific Pitfalls:

- * Carry inadequate inventory
- * **No knowledge of suppliers**
- * Wasted advertising budget

Leading Managerial Mistakes



Specific Pitfalls:

- 1 Going into business for the wrong reasons
- 2 Advice from family and friends
- 3 Being in the wrong place at the wrong time
- 4 Entrepreneur gets worn out/underestimates time
- 5 Family pressures
- 6 Pride
- 7 **Lack of market awareness**
- 8 Entrepreneur falls in love with product
- 9 **Lack of clear focus**
- 10 Lack of financial responsibility & awareness



Entrepreneurship

Becoming an Entrepreneur

Characteristics of Entrepreneurs



- **Entrepreneur** – someone who takes a risk in starting a business to earn a profit
 - Being your own boss
 - Developing a good initial plan
 - Special skills and abilities and coming up with innovative ideas
- **Entrepreneurship** – the process of starting, organizing, managing, and assuming the responsibility for a business

What Does it Take?

- Not all business owners and managers are entrepreneurs.
- Entrepreneurs have unique skills and personal characteristics.





Entrepreneurs Are:

- 
- Persistent
 - Inquisitive
 - Energetic
 - Goal-oriented
 - Independent
 - Self-confident
 - Creative
 - Reliable
 - Competitive

Checkpoint #1



- What personal characteristics are common to most successful entrepreneurs?
 - persistence, inquisitiveness, self-confidence, creativity, and so forth.

Opportunities and Risks

- Before deciding to start a business, you need to think about the opportunities and risks.
- New Business Opportunities
 - **Innovation** – an invention or creation that is brand new
 - **Improvement** – a designed change that increases the usefulness of a product, service, or process





Opportunities and Risks

➤ Recognizing Risks

➤ The primary reasons that businesses started by entrepreneurs close are:

1. Lack of adequate capital
2. Low sales
3. Higher than expected expenses
4. Competitive pressure
5. An owner unprepared to manage a growing business
6. Operations requiring more time than the owner is willing to commit

Checkpoint #3



- Where do entrepreneurship opportunities begin?
 - Opportunities begin with innovations (ideas about new products and services) or improvements (ideas for changes to existing products, services, or processes).

Common Small Business Problems

► Reasons for failure

1. Not keeping adequate records
2. Not having enough start-up money
3. Lack of management experience
4. Lack of experience with the type of business
5. Not controlling operating expenses
6. Poor location for the business
7. Failure to manage credit offered to customers

