

Three Reasons Businesses Fail

PULL

CLOSED

**“THE ONE REASON BUSINESSES FAIL IS THEY DON’T
HAVE A VISION FOR THE FUTURE”**

THREE REASONS **BUSINESSES FAIL**

“So, what do you want?” That’s the first of three serious questions I ask prospective clients. The answer is usually missing from a conversation that goes something like this:

Client: “What do you mean?”

Me: “I mean what do you want?”

Client: “Do you mean for me or the business?”

Me: “Either or both.”

Client: “That’s hard to say... Wow, that’s a really great question....”

DIGGING DEEPER

That was the first question. The next two are: “Where do you get your new customers?” and “How much do you have to sell to break even?” Perhaps you can relate to the usual answers.

When I ask prospects where they get their customers, the most common answers are “word of mouth” and “referrals.” Rarely do I hear anything about a marketing plan, or a referral program, or a systemized sales process.

When I ask about break even, I get a clear, straight answer: “I don’t know.”

Sometimes they expand on the answer by asking: “I’ve heard of break even, but **what exactly is it?**”

I could ask prospects a fourth question: "What does your business do?" but it's usually not necessary because they have already described it to me in detail.

Those four questions, "What do you want?"; "Where do you get your customers?"; "How much do you have to sell to break even?" and, "what does your company do?" correspond **the four critical areas of business**. Guiding, getting, administering and doing the business.

THE FOUR FUNDAMENTALS OF A SUCCESSFUL BUSINESS

Guiding the business is leadership. It begins with a **vision for the future of the company** and includes essential leadership responsibilities such as creating and preserving an **appropriate company culture**, defining incentives, holding people accountable, setting goals and planning.

Getting the business is sales and marketing. It is the process of attracting leads and converting them into customers through tested campaigns and processes.

Doing the business is delivering on what we promised when we sold our product.

Administering the business is everything else, things like accounting, legal, insurance, HR, taxes, corporate governance and financial issues such as break even. Most small business owners agree with my definition of administration as: "All that stuff we had never heard of when we began business."

SURVIVE OR THRIVE

To thrive, and not merely survive, every business has to be at least good in all four areas. That doesn't mean we, the owners, have to be good at them all, but our companies do.

- That makes sense because if we can produce a product, **but can't sell** it, we're dead.
- If we can sell a product **but can't produce it**, we're finished.
- If we can make and sell a product, **but can't keep up with invoicing**, or accounts payable, or payroll, or insurance, or taxes, we're gone.
- And if we can sell, produce and account for everything, **but have no vision or plan** for the future, or no accountability or incentives, or no culture or team, we're without hope.

NOT ENOUGH

The answers I get to my questions show that most of us are good at only one of the four critical areas of business: Doing.

That's is not enough.

The three reasons businesses fail are they don't have a vision for the future; they don't have systemized marketing and sales processes; and they are weak on administrative functions, especially accounting and finance.

Until our companies become at least good in all four areas of business, we will at best limp along as self-employed owners of high-risk jobs. At worst we will find ourselves doomed to fail.

WHAT ABOUT YOU?

What do you want? Where do your new customers come from? How much do you have to sell to break even?

Once you identify which of the four areas you are weak in, you can begin to make improvements. Sometimes these areas aren't something we should,

or have time to, figure out on own own. Look over the [Advisor and Mentor Checklist](#) to see if you are enlisting the help you need to thrive in all four areas of business.

If you have any further questions, please don't hesitate to mail me at Martin@annealbc.com or visit www.annealbc.com



Martin Holland

Martin Holland is the son of a successful entrepreneur. He grew up hearing about margins and markets, R&D and sales, risk and return on investment. He learned to love the language and rigors of business and grew to believe that business is both the most human of all endeavors and the highest calling. After selling a company in 2011, Martin became a coach in order to help other owners build profitable businesses that do not require their day-to-day involvement.

A native of Norman, Martin earned a B.A. degree from Hastings College in Hastings, Nebraska and a Masters in Business Administration degree from the University of Oklahoma. Over the past 7 years he has written business plans that have raised over \$52.4 million in bank and investor financing. He has helped 157 (and counting) business owners reduce stress and increase performance through clarity of purpose, better marriages, more money, and more free time away from the business.