

REPORT from Bradbury Corporation LLP

The 7 reasons why businesses fail, now.

Entrepreneurs are bigger than the economy.

From 1965 to 1985 in USA - despite inflation, oil shocks, recessions and major job losses in certain industries and government - there was a huge growth in jobs. These jobs - 40 million of them - were not created by large corporations or government, but by small and medium-sized businesses. Most people thought the growth was from "high tech" industries but only 5 (of the 40) came from there.

According to Peter Drucker, the key "technology" driving jobs growth was **entrepreneurial management**. The force of the entrepreneur, he suggests, is always greater than the state of the economy.

Michael Gerber notes in *The E-Myth Revisited* that going into a business is as much about who you are and who you want to be as a person as it is about the business itself. If you are disorganised or greedy, he says, or if your information about what's happening in your business is not good, the business will become a reflection of these things. If your business is to thrive, it will engage you in a process of constant personal development. For it to change, you have to change too.

They intoxicate themselves with work so they won't see who they really are. Aldous Huxley.

You are bigger than the credit crunch

So, if you, as an entrepreneur, are able to do better than the economy, then you're in charge of your destiny and business. That's not what a lot of business owners are saying right now, is it? We hear that places are closing down because of the economy. They're not - they're closing down because they were badly run and, when the economy slows down, that bad management shows up.

So, if bad management has businesses failing, then good management - entrepreneurship - will have them succeeding. When you know the skills of good management - you probably know them as you're still in business - you'll succeed whether we're in a boom or recession. However, we often can't see the wood for the trees - we're so busy just getting by, just doing what needs to be done each day, that we have no time or thought for how we can do it better. We know it's entirely possible as we've helped many business people make simple changes to rejuvenate their businesses and their lives ... your business is a reflection of you and vice versa. If your business is happily succeeding, you'll feel a whole lot better inside - much less stress and worry!

So, let us help you find less stress and more profit - here is what you can focus on and don't forget to call if you need any help or information.

And the seven reasons ...

1.
Not
managing
cash flow

Now that the banks have stopped lending - even to themselves - there is little money to be borrowed and so those with cash on hand can scoop up bargains left, right and centre.

Accounting is made out to be a complicated and devious art-form but it's actually really simple - cash in must always exceed cash out. If you understand and implement that, you're doing better than the experts at Woolworths and most of the banks!

Cash flow and profits are not the same thing, and the number one reason businesses fail - even those with strong potential - is because they run out of cash. It is essential to know how much cash you have, and how much you will need in the near and mid-term. Use a variety of different scenarios to assure enough cash in case of unanticipated problems or delays.

2.
Accountants
don't come
in "lumps"

Because accountants are seen as expensive, so many business people leave the accounts till the end of the year, when it's all too late.

When you started your business, there was just you - and maybe your spouse/partner - doing the work. You had no staff and, somewhere, you found an accountant. This clever person was there, at your disposal, for a HUGE price and so you seldom saw them.

Then, as your business got bigger, you started employing staff, an office person among them. With a more complex business, you should have sought your accountant's advice but you were busy and/or they were still expensive, and so you didn't. You could have employed an accounting person at a lower hourly rate but, at 40 hours a week, that was too expensive. So you blundered on, hoping you were doing it all right and seeing your accountant when the year-end accounts had to be done ... when it's too late for any of his advice as it's all historical.

So, these accountants come in lumps - large ones. You either have a full-time person costing £25,000 a year or you have a part-time person costing £10,000 for a few hours work, once a year, when it's too late.

There seemed to be no in-between.

Well, there is an in-between and it's called a **Virtual Financial Director**, a VFD. This is a qualified and experienced accountant who is on hand look after your accounts when you've got better things to do - running your business.

And, with advances in technology, there are accounting programs that aren't actually on your computer, but on the internet. Sound weird ... and scary? Because they're on the internet, you can give your VFD permission to access parts of your accounts and they can do it from their office. And, when you're

out of the office or overseas, you can still check into your accounts, via the internet, and keep a track of your business.

So, your office lady may still do the daily banking, wages and invoicing, while your VFD can (say) do your monthly accounts and keep an eye on things - you choose how much they do, when you want to meet with them and you know an expert's in charge of your accounts, along with you.

Call us and we can explain how it all works.

3. Trying to have it all

Too many business owners mistakenly think that "everyone is a client." This may be true but this mindset leads to superficial, waffly and expensive marketing. Many, if not most, business owners are afraid of losing out on sales if they define their customers too closely. There are plenty of customers out there - do them a favour and give them your best!

Spreading your risk, as some see it, means that your energy is diluted and what you give the many is inferior to what you can give the few.

Choose excellent service over mediocre and those customers will stay for life - it is 7 times cheaper to sell to an existing customer than to try to sell to a new one, so create customers who will stay with you through booms, credit crunches and everything else.

It is much more powerful to focus on a specific niche market. That way, you can develop a targeted message that will really get your audience's attention - and get them to spread the word about you. Also, you can set yourself apart from other businesses who are "all things to all people." By choosing a specific niche you can reach top decision makers and create a quality business that's recession-proof.

4. Trying to do it all

The reason you started your business was so that you could spend hours each week doing paper-work. That's your biggest joy, isn't it? No? Of course not! Paper-work was the last thing you hoped to do, probably, and yet, like most other business people, you continue to do it, even though it's not your greatest strength.

We'll tell you a secret, as long as you don't tell anyone else ... OK?

There are people who love doing paper-work and who are very good at it! There, you didn't know that - if you had, you'd have got them to help out, wouldn't you?

It may not be paper-work that you hate doing and/or aren't very good at - it might be making sales calls, collecting debts, organising your day or anything else - but you insist on doing them and hating doing them. Why? Well, if you're like most other business people,

your reasons could be one of the following:

- Can't afford to employ people do it,
- Need to know what's going on in everything in your business,
- You can impress people with all the work you do,
- You can impress people with the many skills you have,
- You love playing martyr, telling people just how busy you are,
- It's just what you've always done or what your father did ...
- It's what all your mates or others in your industry do.

Whatever reason you come up with, you need to know this:

If you're doing everything, your business can only grow to the size that you are ... and you're only one person and so your business will only ever be a one-person business, which is fine if you're happy with that. There are some disadvantages to this that you need to bear in mind, however:

- If your business is dependent on you always being there, you have made a rod for your back - you'll get no rest,
- You, therefore, miss out on the rest of your life - family, travel, hobbies, fun, rest, entertainment ... the list is long!
- You also miss out on opportunities to mix with other business people and to get inspiration and ideas from them,
- You're probably unlikely to ever sell the business as it's you - when you go, it's value goes,
- If you're the last word on everything, the most productive and innovative staff won't want to stay around for long - staff turnover increases and you're constantly left with lesser staff,

There is, of course, another way and that means restructuring your business in a way that you're the boss and it still runs without you. That way, your business can grow, you have time for thinking about the future and growing your business and it becomes a more saleable business should you decide to sell it or to borrow more money.

Creating a business structure that gives you space to work on the business - not in it, as Michael Gerber says - need not be difficult. But, if you're constantly in the business, working, working, working, it can be difficult to get a bigger picture and to see how it can be done. We have done this for many business people so give us a call and we'll give you some ideas and we'll also help you do it, if need be ...

Email us at info@bbcorp.info

5.
Not being
the "go-to"
expert in
your
business

If you are the go-to expert in your business, powerful decision makers contact you. They think of you first when they have a need. You don't have to chase them. Customers know and trust you and they also love to associate with experts.

Go-to experts get that way by doing the following:

1. Develop a compelling marketing message that sets your services apart and demonstrates value to decisions makers.
2. Invest time getting visible to decision makers with interesting, valuable information.
3. Get visible where decision makers congregate. Do this by taking leadership roles in trade associations, industry groups, charity and community organizations, and other places where ideal prospects are likely to show up.
4. Follow up with prospects over time. By collecting contact information fanatically (and with permission), you can continue to demonstrate their credibility and value.
5. Become expert at asking for referrals from current clients and your sphere of influence.
6. Provide exceptional service and value, so that people rave about you.
7. Work hard to understand the specific needs of current clients, so that you can continue to offer them additional solutions.

That's quite a list and, of course, you don't have to do everything above ... in fact, even if you only do one of the above things, you'll probably stand out in your industry. And, of course, you can skip the public speaking and networking if you don't like that, as most people don't. All it takes is some good (and cheap) marketing ideas, a small number of media contacts and a system to do it all consistently. The good news is that you don't need glossy and expensive brochures - in fact, as that's what everyone else does, you'll stand out if you do something differently! - and the system to make it work can be easy and ... dare we say it ... fun!

6.
Not
pursuing
your "Target
Prospect"
list.

Many business owners have had excellent results with the "Target Prospect" strategy. Here is what they do:

1. Choose about 100 prospects with whom you would love to work. (Adjust this number to be sure you can manage this many prospects).
2. Develop a series of letters to reach these prospects. Each letter should demonstrate your value up front with facts and case studies that get attention - as well as information that your prospects will value. Our program includes samples for you to use, and we can develop custom

- letter with you.
3. Send your letter to your target prospect list.
 4. Follow up with a phone call, and perhaps even a visit.
 5. Keep repeating. Don't be a pest, but do continue to follow up with educational, valuable information every 21 days or so.
 6. Over time, some of these prospects will want to meet with you.
 7. Replenish your list as prospects become clients, or as prospects tell you they are clearly not interested in what you have to offer. Always have 100 target prospects (or whatever number you choose given your goals).
 8. Continue to get visible with your target market using the other two strategies described here.

**7.
Lack of
Clear
Direction**

You don't set a clear direction that every employee understands and embraces. Many business owners keep their strategy and goals in their head, without communicating clearly to employees. It is much more powerful to have a dialogue with employees about where you want to take the company, what it can do best, how it can make more money, and resources required to get it there.

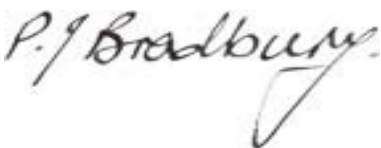
Relying on yourself to keep a clear direction is fraught with problems as it's so easy to become embroiled in the day-to-day details, that the big picture is forgotten. That is why so many owners and directors employ either:

- A. Good managers to remind them of the vision, or
- B. Business coaches who hold their goals and dreams for them, when they become too busy to remember them.


None of us achieves anything alone and the wisest amongst us recognise that we have particular skills and things that we're brilliant at ... and then employ or engage others who do the other things with excellence. That way we get to do what we enjoy while others get to do what they enjoy ... and, if we're all doing what we enjoy, your business cannot help but flourish.

If there is anything you want to ask, don't forget to email us at info@bbcorp.info

Yours Sincerely



Philip Bradbury



Anna Bradbury