

01 FBI Consultancy PDF For £250 Business Article

This business support article has a minimum re-sale value of £50 or \$70

It is provided FREE of charge to all consultants & business

owners who join our LinkedIn FBI Consultancy group



Article:

Business Expert's 5 Reasons Why Businesses Go Bust

By Dr. Mark D. Yates, The International Business Expert

Contact the Author at E: drmarkdyates@aol.com W: www.fbiconsultancy.com



At FBI Consultancy, we want every business owner member to succeed in growing their business in a profitable long-term sustainable fashion. The following article serves as guidance to avoid making the same mistakes that most other failed business owners have made.

Just about every international business expert and every business consultant involved in business development and business growth, especially those retained by UK businesses, will have gained valuable experience of how businesses go bust. Some business experts blame recent economic downturns. Others blame untrained directors. The best expert business advice is to hire a proven business expert.

For many years, I have been retained as a business consultant by business owners in 43 different countries to aid their business development and business growth. My business service is for all small, medium and large businesses and I have been fortunate enough to have been very successful when partnering with a business owner to achieve long-term sustainable and profitable growth for UK businesses.

However, over the years I have identified 5 reasons why UK businesses go bust. These are not your typical bank or accountancy statistical reasons. They have been gleaned from years of hard slog working at the coal face with business experts, business owners, and directors.

Business Expert's Why Businesses Go Bust #1: No Managing Director Training

It has been previously reported that up to 97% of UK managing directors have received no formal academic business training in how to run a business or how to manage business development or business growth. Many a business expert would agree this is clearly one of the most clear-cut explanations for why so many UK businesses fail in the first 12 months of trading.

Running UK businesses and employing staff in the UK is one of the only activities that can be legitimately conducted without the managing director or business owner having any qualifications in how to actually run their business.

Think about this, if you ride in a taxi then the taxi driver has to be licensed. Book a security guard, and they have to pass a security training programme and be licensed. However, if you want to run your own business and employ an unlimited number of salaried staff, then you just pay a fee of between £50 to £100 to form your own limited company and you are up and running.

The international business expert advises, in most states of the USA it is a mandatory requirement for every new business owner to purchase a business trading licence.

As a business consultant, I recognise a number of new business owners do make it beyond the difficult first 12 months of trading, however, the failure rate continues at an alarming rate for the first 3 years of trading.

One of the most difficult issues facing new business owners is that when they started their new business it was likely fuelled by endless amounts of passion and enthusiasm. Although these two issues are very powerful motivators, they do have a battery life. Experts in business agree that after a few months most new business owners find themselves struggling to cope with the stressful demands of running their business, because they don't have the training skills to manage the business effectively.

Business Expert's Why Businesses Go Bust #2: Indecisiveness

Sometimes when I'm engaged to troubleshoot businesses, I get to witness terrible indecisiveness from some managing directors, owners and senior decision makers. Indecisiveness has a very detrimental effect on any business, none more so than a business in trouble.

For untrained business directors, indecisiveness can manifest in various guises. Sometimes directors will hesitate over a decision made by a middle manager or partner and then begin to micromanage everyone and everything in their business.

Another manifestation can be missing a realistic business growth opportunity because the MD is unable to make a decision after receiving sound expert business advice. In this case, the inability to make a basic business decision can not only halt business growth but it can also lead to the death of the business.

Every business consultant knows that indecisiveness is a clear sign of ineffective leadership. If the MD is leading a workforce and shows signs of being indecisive, then the workforce will lose confidence in their leader. Morale will quickly drain away. Once this happens, employee work ethic spirals downward and it is very difficult, and often impossible, to regain workforce confidence. Business development and business growth stops, and in this short time frame, businesses go bust.

Frequently, I witness businesses go bust after struggling with this issue, especially family-run businesses. Sibling rivalry and parent-children chain of command are the biggest factors in these types of business failures.

I cannot think of a single successful leader throughout history who suffered from indecisiveness.

Business Expert's Why Businesses Go Bust #3: The Financial Tipping Point

One of the greatest problems facing any business still trading after 2 to 3 years is what's referred to in business development parlance as 'The Financial Tipping Point.' By this I mean that a business has been trading but the annual turnover and profit has levelled off at the same turnover as the previous year's trading.

A business can hit the tipping point at any level of financial turnover, however in my personal experience it generally occurs when a business turns over between £200,000 and £2,000,000. Untrained business owners often mistakenly dismiss this crucial red flag by attributing it to a year in which their turnover still achieved the same as the previous years.

In reality, every individual business consultant knows that the following red flags should be addressed with an immediate sense of urgency.

If your business turns over the same amount as last year with the same profit margin, then your business is not growing. In fact, you are actually losing money compared to the previous year. This is because inflation will have generally increased, as well as the cost of doing business. Rent, electric, gas, postage, staff salaries and contributions will all have increased.

Ignoring the financial tipping point invariably leads to poor cash flow management and everyone knows this is a leading cause of businesses going bust.

When every business hits the financial tipping point, two things and only two things can happen. First your business levels off and second your business folds. Unless a decisive business owner takes a proactive course of action the business will go bust in a heartbeat.

Business Expert's Why Businesses Go Bust #4: Director's Ostrich Syndrome

The director's ostrich syndrome usually materialises when an untrained business owner hits a business growth or business development problem which they have no idea how to manage. A frequent course of action for many MD's is to imitate an ostrich and bury their head in the sand, hoping the problem will go away.

Every business consultant knows that the best time to address a business growth problem is when it is flagged as a perceived future development problem. This is typically during the initial strategic growth planning stage. Every business has problems and every business owner has to tackle these problems head on or the business will suffer.

The director's ostrich syndrome can have a very detrimental effect on your business growth and many businesses have been forced into voluntary or forced liquidation because untrained business owners bury their heads in the sand and the problem grows to such an extent that there is no way of saving the business.

A well-respected business consultant once told me that business problems were simply challenges that decisive business leaders had to conquer.

Business Expert's Why Businesses Go Bust #5: Refusing Outsourced Business Support

Whenever I am engaged as a business consultant to deliver a presentation to business owners interested in learning about business troubleshooting, I always ask the audience of business owners the following opening question:

"If you were drowning in a swimming pool and you knew there were people close by who had lifesaving skills and lifesaving equipment, would you scream out for help and support?" Nearly every audience member raises their hands when I ask that question at contact networking events. However, when I ask those same business owners whose business is in trouble, how many of them have sought out a proven business consultant to provide outsourced support, very few hands are ever raised.

Most small to medium size business owners operate without the financial backing and support of a larger company's board of directors. They therefore feel isolated and alone in their world of business activities. One of the most critical tactics to implement when your business is struggling it to engage a proven business growth specialist.

In an ideal world it is better to find this business consultant or group of business development specialists at the outset of your business because they will be aware of future business problems which you may be unaware of. Identifying these problems and/or issues at an early stage is far better. Think of it like preventative medicine.

I see a great many businesses go bust unnecessarily because they failed to reach out and ask for help from business development and business growth outsourced support specialists.

END:

You can add this business support article to your own personal or business newsletters, emails, blog or forum for FREE. Please ensure you include the authors name, email address and website in your publications, www.fbiconsultancy.com. If you have clients who wish to purchase this information for their marketing plans, they can purchase it for £50 or \$70 from www.fbiconsultancy.com

TIP: Don't forget we pay referral commissions to anyone who refers any fee-paying business clients to FBI Consultancy



Authors Article Advertising Resource Box:

Dr. Mark D. Yates is the CEO of FBI consultancy Ltd, which provides a professionally managed business growth service for global business owners, investors, entrepreneurs and C-Level executives. If you need to retain a dynamic managing director, interim director, business troubleshooter, business growth consultant, or his proven LinkedIn consultancy, contact Dr. Mark D. Yates at: Tel: UK 0151 647 1716. E: mark@fbiconsultancy.com W: www.fbiconsultancy.com

Dr. Mark D. Yates

CEO • FBI Consultancy

T • UK 0151 647 1716

C • UK 07736 777 553

E • drmarkdyates@aol.com

W • www.fbiconsultancy.com



WINNER - Best UK LinkedIn Business Growth Consultant