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Don't most small businesses fail?





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Question:

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Answer:

Although it's true that many new small businesses go under within their first year or two, there are usually reasons that can explain their failure. If you're aware of the pitfalls associated with the start-up of a new enterprise, you can take steps now to maximize the chances that your business will succeed.

Don't start a business you know nothing about. If you're a pastry chef, don't open an auto-body shop. Your experience, skill, and knowledge of the business you wish to run are key to its success.

You'll want to conduct extensive market research to determine if the product or service you will offer is currently in demand. Define who you're marketing to and target your message to them. Also, consider the most favorable time to market your product or service (e.g., toys at Christmas). Of course, another key to your success is location, location, location. Finally, plan your advertising campaign and consider how you will distribute your product or service.

Pay attention to your competition. Be sure your product or service offers your customers something your competitors do not.

Set up a written business plan detailing the design of your business growth. Organize a start-up team of people who have abilities you lack. Determine how you will obtain the capital to finance your project, and be sure you have adequate capital. More importantly, make sure you have enough to live on. Many new businesses do not generate income immediately. Finally, include in your business plan an exit strategy for closing the business should things not work out as you had hoped.

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