

Lack of sales is the top reason small businesses fail

Small businesses can fail for any number of reasons - but, says Brad Sugars, founder of ACTIONCoach and author of *Buying Customers*, although it seems obvious, topping the list is a lack of sales.



Brad Sugars says it's astounding how many business owners don't know how many customers they have. He also says there's no 'safe' time for business owners, training to correct any lack of skills in the business is essential - and don't leave it too late to ask for help.

"Small business owners may attribute their failures to insufficient start-up capital or a lacking knowledge base or skills set, but the reality is that if you're not making money, there can be no success," Sugars insists.

His argument is borne out by the fact that, without sales, a business cannot hire the calibre of staff required to make it sustainable. Nor can it afford the type of marketing that can make a lasting impact. And this is crucial, according to Sugar True, there are cheaper options available, such as social media platforms or word-of-mouth referrals. But the reality is that these take far longer to reach their objectives than money-based methodologies.

Not the only challenge

Of course, getting - and keeping - customers is not the only challenge facing small businesses. Sugars points out that every company reaches a point where it is ready to proceed to the next level. The question is, what does it need to get there? His answer: "A proper understanding of your current numbers." Clearly, it's impossible to know how many more customers you need before you have reached your target if you don't know how many you already have - and yet, says Sugars, the number of businesses who don't have this information to hand is astounding.

Once this knowledge has been acquired, the next step is to use it to formulate a plan definitively outlining how the business will put its resources to use in order to reach the next level. This requires an honest look at the capital, marketing strategies and staff the business already has, as well as the products and services offered. These may have to change; after all, few businesses have grown on the strength of offering the same thing, just more of it. Staff are also key: consider whether you have the right skills in place, or whether additional training is required. "SMEs seldom consider training as part of their growth strategy," says Sugars, "yet it's cheaper to up-skill staff in order to increase their productivity than it is to employ new people."

Never a 'safe' time for business owners

You might feel that your business is particularly vulnerable at this point. It's facing an unknown future, yet to proceed as it has been doing is no solution. Sugars points out that there is, in fact, never a "safe" time for business owners; a company that's enjoyed five years of great results may be just as likely to take a downward turn as a start-up. That said, businesses

face their greatest challenge when they have hit a point of status quo. "Remember that steady sales are no guarantee of ongoing success, because your costs continue to rise," he warns, adding that the company that does not remain relevant may find itself in big trouble. Could anyone foresee the decline of Kodak when the brand still ruled the photographic industry for example? Compare this to Apple, which is a very different company today to the one that made nothing but computers. The lesson here is clear: it's dangerous to resist change.

Sugars says that business owners often understand these challenges and their implications, but they're too busy to seek help in addressing them. "But that's like saying you have too many injuries to go to hospital!" he states. Trust can also be an issue when it comes to seeking help. Many's the business owner who is reluctant to hand over their vision to an outsider. And yet that outsider may well be able to see things that you can't. "It goes back to the challenge of status quo: many business owners think that as long as they're managing to pay the bills, they don't need to grow," Sugars says.

Don't wait until it's too late

For today's business owners, though, the changes in the business environment are often so dramatic and rapid that it's impossible to survive them without getting outside assistance and advice.

A sound manager of people recognises the need for this before it's too late. "Good managers - which are different to good leaders - are proactive rather than reactive," Sugars says. "They're able to address matters before they become challenges. They're also consistent, and they're good at managing details. Plus, they ask constructive questions, rather than questions that lead to blame shifting - so it's not a case of why something wasn't done in a certain way, but rather what you can do now to fix it." A poor leader does the opposite; instead of taking immediate action, they lecture on how the work should have been done - an action bound to cause resentment.

Sugars' final tips for small business owners: "Don't do the work of employees and expect to get an owner's salary. As the owner, you need to be on top of everything from planning to marketing, recruitment, sales and training. And remember that the day you stop learning is the day your business stops growing."

For more, visit: <https://www.bizcommunity.com>