

Factors to Failure and Success

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Contents

- There are a lot of factors that influence the success or failure of a company

1 Technological skills and equipment

| Failure | Success |
|---|---|
| An e-business must keep all its inventory, orders, shipping, and receiving information on a computer network. Any technical problem with this central computer system that is not quickly fixed can put the company out of business | Many companies are based totally on their technical skills or hi-tech equipment. There is always a strong market for the best technological solutions to people's problems. |

2 Adequacy of capitalization

| Failure | Success |
|--|--|
| Capitalization is the process of acquiring sufficient money to implement a business plan. The greatest business idea in the world is worthless without the money to setup the business and keep it going | Having enough money to make the right moves at the right times is the key to successful businesses |

3 Management and risk-management skills

| Failure | Success |
|---|---|
| An entrepreneur must be able to properly assess the risk of a particular business move. A foolish business person might misjudge the risk of expanding to open a new store in a new city. | Management skills are required of a business. A successful entrepreneur manages employees to get the most out of them |

4 Environmental Issues

| Failure | Success |
|---|---|
| A business must be aware of the environmental impact of its products. The use of lead paint in children toys caused recalls, loss of reputation, and dramatic drops in sales. | Some businesses are based on environmental issues. Producers of wind turbines, solar panel, and energy-saving light bulbs are examples of successful environmental businesses |

5 Effects of globalization

| Success | Failure |
|--|--|
| The global economy also opened up new markets for Canadian products. Canadian companies with specialized products and/or technical expertise are now looking to emerging markets for their products and services in China, India and other countries around the world. | Our economy has become global. Many manufacturing sectors that formerly competed only within North American market are now facing stiff new competition from China and India. Canadian manufacturers cannot beat Chinese prices. |

6 Inventory management

| Failure | Success |
|--|--|
| A business must manage its inventory. Start-up business can be caught without enough inventory of a hot new product or too much of a product that does not sell. Consumers are quickly turned off when a store does not have the item they want. | Well-managed successful businesses maintain an inventory that matches the demand for their product. Some businesses employ a just-in-time inventory management system in which new inventory arrives just in time for its sale or use. |

7 Borrowing money

| Failure | Success |
|--|--|
| Most start-up businesses borrow money to allow them to establish their businesses. They repayment of these loans is a financial burden on these new businesses that can quickly lead to their failure. | A smart business person who sees an excellent business opportunity will borrow the money needed to take advantage of the opportunity. The loan is easily paid back when the income from the new sales come in. |