

Title:

Business Owner's Essentials - The 5 Biggest Challenges for Today's Business Owner

Word Count:

1149

Summary:

There are five major challenges faced by business owners today. If you don't know what they are or you don't know how to handle them then your business is at risk. Once you get to grips with these five then your company has a far better chance of survival.

Keywords:

business, business owner, entrepreneur, exit strategy, coach

Article Body:

Copyright 2006 Andy Warren

Some of these challenges have been around since business began and others are new ones that are being faced as technology and the marketplace evolves. As a business owner, you need to be sure that you are handling each of these effectively and looking out for where they might destroy your business.

1. Cashflow Management

This is the number one essential for all businesses, no matter what stage they are at. Even the most successful businesses can fail if they take their eye off the ball on cash. Your cashflow is the difference between how fast money comes into your business from your customers and how fast you pay it out to your staff, your suppliers and the tax man.

Many business owners don't realise that their cashflow can be at most risk when they are growing fast or taking on big orders. This happens because, in most businesses, products and raw materials have to be bought and paid for before they can be provided to customers and billed. This is also similar for services, where your employees and contractors have to be paid at the end of the month but the client may not be billed until the following month or when a job is completed. And they may not pay you until some time after that.

In periods of high growth your costs can go up and out of the door long before

the cash from the increased sales comes in. And suddenly you find you have a cash crisis on your hands.

2. Your staff

Your employees can make or break your business. When you choose the right ones they can massively add to the value of your business. When you get the wrong ones they can be a drain on your time, your money and they can hold back your business.

The usual mistakes made include recruiting people who are not as smart as you so that they make you look good; Hiring too fast and firing too slowly; Not investing in training and development for your staff; Not listening to what they're telling you; Not taking up proper references when recruiting; Not adopting good, consistent and fair HR policies within the company.

Many business owners find that employee issues are the number one drain on their time and attention. And often the issues don't get resolved and lead to litigation and expensive legal bills.

The first key is to recruit high quality people, who are smarter than you, who are motivated to build and grow your business and who come with a good track record. Also, always take up references and carefully check CVs or Resumés for any gaps or inconsistencies.

The next key is to treat your staff fairly and reward them for good work. Whatever you measure and reward will get done more, so consider this carefully. Create clear and consistent policies for employee development and training and make sure you allow good time for one-to-one reviews where the discussion is allowed to be open and frank.

And above all, keep the lines of communication open and clear and trust them.

3. Getting Noticed in a Crowded Market

You may have a great product or service but unless your potential customers know what you provide you'll never have a great business. You need to get out into the market and deliver your message to the people you want as customers.

The challenge comes with the fact that today people receive an average of 3,000 marketing messages a day. And they've become immune to many of them. Your job is to be able to cut through all those messages and stand out enough to get noticed by your customer.

The best way to achieve this is by focussing on a niche. This way you can target your marketing with a laser focus to match your desired customers directly. And when you specifically target your prospects with a message that is tailored to them and their needs, they're far more likely to take notice and listen.

The standard reaction to this is to worry that by focussing on one niche you could miss out on other customers. The reality is that the scatter gun approach that throws your message out to anyone and everyone is extremely hit and miss in its results. And it rarely works now because the message becomes so generic that no-one believes it applies to them. Remember, you can always select another niche once you've worked the first one. So you can eventually get to all of your potential market in a far more effective and targeted way.

4. Poor planning

It's said that when you don't know where you're going, any road will get you there. This means that without a clear plan and objective you can get distracted and diverted all over the place and never achieve what you really want for your business.

When businesses fail to plan they find themselves losing money, losing staff, losing momentum, losing customers and losing business.

Without a plan, you won't know whether you're on the right track and you'll have no guide as to whether you need to go faster or approach the business in a different way. Stumbling through simply doesn't cut it for a good business.

Making plans allows you to prepare for more eventualities. It allows you to foresee potential problems and avoid crises. It actually gives you more flexibility because you can flex around your plan and revise it as you go. It also makes it easier to make decisions because you have something to judge the outcome against. You're able to assess whether taking a specific decision takes you further along your plan or moves you away from it.

5. Neglecting customers

The final challenge that is faced by every business in this supposedly service oriented world is neglecting customers.

After all the uphill struggle of finding a prospect, telling them about your product or service and closing a sale, are you just going to let them go? Many businesses do. They are so focussed on making new sales that they forget that

the best source of additional sales and new business referrals comes from their existing customer base.

They also forget that when you neglect a customer and lose them, they will tell others. And as a customer with experience they will be believed and that can knock a significant hole in all your marketing efforts.

It costs significantly more to find and sell to a new customer than it does to keep and sell more to an existing customer. Make sure you get your customers' contact details, look after them and keep building and strengthening the relationship. The first sale should be just the beginning.

And a happy, satisfied customer can do more to market your business than almost anything else.