

Why Businesses Fail

And why is that? It's because they don't know how to succeed. They haven't the slightest idea how to make a business successful. They may have an idea for a product or service, but they don't know all the things that they need to know to run a successful business.

Why Businesses Succeed

However, surprisingly enough, 80 percent of businesses started by experienced businesspeople succeed. Now why should this be so? The reason is because experienced businesspeople know what to do. They know how to purchase their products and their services. They know how to negotiate with their suppliers. They know how to raise money. They know how to negotiate leases. They know how to sell and to market. They know how to manage their finances. In other words, experience is the key. In order to start your own business and succeed, you have to learn how.

Competence Makes the Difference

Now according to Dunn and Bradstreet, 96 percent of businesses in America that fail, fail because of what is called "managerial incompetence". Managerial incompetence means that the people running the businesses don't know what they're doing. And here are the two critical areas of managerial incompetence that cause business failure.

First is sales and marketing. 48 percent of businesses that fail in America fail because the business cannot sell enough of its products or services. Very few businesses fail when they have high levels of sales and revenues coming in.

Control Your Costs

The second reason that businesses fail, 46 percent, is because of poor cost control. They may be selling enough on the front end, but they're losing so much on the back end that they go broke anyway. Sales and marketing, financing and cost control, both require experience. And if you're serious about becoming financially independent, you have to learn how to do both of these.

Put Luck On Your Side

You must learn the skills you need to be successful. Business success is not a matter of luck. Business success is a matter of application. It's a matter of ability. It's a matter of experience and skill and intelligence, and wonderfully enough, you can learn what you need to know to be successful. And you can start by learning through on-the-job training, which is called OJT. Most successful businesspeople become successful because they get all their training by working for someone else.

Action Exercises

Here are two things you can do immediately to make sure that your business succeeds greatly:

First, take the time to get the knowledge and experience you need in business by working for someone else where you can learn a lot in a short period of time. Go to work in an area in which you are interested and learn everything you possibly can.

Second, read and study in business, especially entrepreneurial business, all the time. Read one or two business books per week and read every business magazine that is published on your subject. Never stop learning and growing.