




Why do Businesses Fail?

Athens 2014



Main Reasons

-  Technological failure
-  Financial failure
-  Management failure



Technological Failure

- ❁ higher risk in some sectors
- ❁ risk spreading v special purpose vehicles
- ❁ specialist funding
- ❁ often salaried staff
- ❁ may be buried in university spin outs –
zombie companies – cover for future research



Financial Failure

- ❁ undercapitalisation
- ❁ unable to finance living costs over initial period
- ❁ borrowing from one contract to fund the next
- ❁ poor forecasting or record keeping
- ❁ dependency on a single customer



Management Failure

- ❁ Insufficient market understanding
- ❁ Inexperience
- ❁ Failure to take the right sort of risk – comfy living
- ❁ Poor planning / structures
- ❁ Not taking advice
- ❁ Burn out






Insufficient Market Understanding

- 🍁 Hobby to Business – can you get a return for your work
- 🍁 Unique Selling Point
- 🍁 Competition
- 🍁 Cost to adopt new technology
- 🍁 Ineffective marketing and sales
- 🍁 Customer service



Inexperience

-  Do you understand the basics of running a business?
-  Do you understand the particular sector?
-  Can you bring in the expertise to fill the gaps?







Poor Planning /Structures

- ❁ Business Plan
- ❁ Market research
- ❁ Forecasts and cash flow
- ❁ Time management – eating the frogs
- ❁ Internal processes – avoid duplication, encourage efficiency, build for growth








Taking risks

-  Are you creating a job or a business?
-  Hiring staff
-  Technician, Manager or Entrepreneur?
-  Giving up control



Not Taking Advice

-  Identifying sources of appropriate advice
-  Business mentors
-  Specialist professionals
-  Boards and virtual Boards
-  Separate business from family



Burn out

- 🍁 Mentally and physically fit to start with
- 🍁 Timetable time out
- 🍁 Physical and outside
- 🍁 How do you cover if you are ill?
- 🍁 Can you insure?





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