

Unraveling the Mystery of Business

Why most businesses fail and how to avoid the most common pitfalls



Entrepreneurs drive the economy of any capitalist-based society – they take the necessary risks to see ideas become realities. They have this very important and specific gift. But, and here is the downside – the same drive, uncontrolled and unfocused, is the downfall of most entrepreneurs. Most businesses fail. For a large majority of those that do succeed, the founding entrepreneurs are either eased or shoved out of their businesses.

Is this inevitable and desirable? No! But there is a transition and development in thinking the entrepreneur must make and acquire to see their dream mature and progress – to build a lasting foundation of success.

Entrepreneurs tend to be single-minded – a great strength necessary to start most businesses. They generally focus on one or two elements of a business or idea to the virtual exclusion of everything else:

1. Either they concentrate on a product or service idea, or
2. They fixate on sales and marketing.

This can work for a while, until the business reaches a certain size. But, at some point, an organization **must** develop a foundation, reinforcements, pillars, legs . . . for the product or service so it can comfortably grow larger and larger without imploding due to a lack of proper support.

The entrepreneurial personality?

1. While paying lip-service to the importance of all employees, they commonly feel some functions, while necessary evils, are that – evils holding them, their idea (their “baby”) and the business back.
2. Associated with this, they often ignore, until disaster occurs, vital aspects of the business.
3. And likewise, related to these tendencies, they are frequently control freaks – tending to attract “yes” men and women – they usually downplay the importance of certain vital responsibilities (and the employees charged with these duties) because they undervalue the importance of the “weakest link” reality – “Just get people to say ‘Yes. Yes!’”
4. Optimistic – an optimism, if unbridled, that can lead to deceit and fraud or, at the least, a bad reputation with investors, bankers, employees and associates.

In short, **most** entrepreneurs are not successful long-term (many hop from one idea to another their whole life) because they do not mature into a full and balanced business person – they (not others) hold their baby back!

The good news is that unraveling businesses fail and how to avoid



the mystery of business – identifying why most these pitfalls – is neither complicated nor beyond the capabilities of the vast majority of entrepreneurs. While starting, running and improving a business is a lot of work, it should be a great mystery.

Business organization (the structure of success) is not complex – it should be kept simple. The foundation of a right understanding? Knowing there are three required parts of a business – and appreciating the **fact** that a business, like any organization, “is only as strong as its weakest link!”



The three links? **Technical – Marketing – Administrative.**

Technical – How to best and most efficiently produce and deliver the good or service offered.

Marketing – How to effectively and honestly price and present goods or services to those most likely to purchase them – focusing the sales function and employees to best meet (and exceed) sales goals while, at the same time, developing a better understanding of what interests, attracts and ultimately sells the product or service.

Administration – How to most competently support the Technical and Marketing functions, fulfilling the Technical requirements (tracking purchases, quality control, efficiency, etc.) and Marketing objectives (ensuring the goods or services are provided in the manner promised so present sales enhance future marketing). And on top of this, most effectively ensuring the many governmental and taxation requirements are completed accurately and timely – many, many businesses fail for the sole reason that they ignore tax return or payroll tax requirements until they are so far behind they can never catch-up.

Many entrepreneurs are excited about and, therefore, properly monitor and balance the Technical and Marketing functions while downplaying Administrative responsibilities (either totally ignoring them or, because they have NO interest in this area, giving them to the dreaded bookkeepers and lawyers). Many a possible great business has been destroyed or held back by second and  third-rate Administration. The truism – *You are only as strong as your weakest link* – is absolutely true!

Just as a Marketing oriented entrepreneur can work with, make input, focus and monitor someone more skilled in the Technical function (and vice versa), whether Marketing or Technically oriented, a successful entrepreneur must work with, make input, focus and monitor someone more skilled in the Administrative function – to ensure this “link” is not broken, causing the destruction of the entire organization!

An entrepreneur with a seriously flawed Technical or Marketing idea or approach will fail. What is sad, and unnecessary, is that the best Technical or Marketing idea or approach, without a good Administrative link, will also flop or, as is often the case, require the founding entrepreneur to step aside only to be replaced by those with less passion and vision, but with the requisite Administrative appreciation.



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- ✓ The Mystery of Business? There are 3 equally vital links.
 - ✓ Most businesses fail because they ignore one of these (typically the Administrative) links.
 - ✓ An entrepreneur avoids this pitfall by devoting interest, passion and time to ensuring attention is devoted to strengthening the current weakest link to allow movement of the business as a whole to the next level.