

Reasons for Business Failures

Top 6 Reasons

- 1) Lack of knowledge and experience in the business they are starting.
- 2) Poor control over costs and quality of product.
- 3) Reluctance to seek professional services.
- 4) Lack of knowledge about the merchandise.
- 5) Poor relations with employees.
- 6) Failure to anticipate market trends.

Other Reasons

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| 7) Poor: | 14) Extended too much credit. |
| i) customer relations. | 15) Management's inability to reach/act on decisions. |
| ii) control of stock. | |
| iii) relations with suppliers. | 16) Failure to: |
| iv) control of assets. | i) keep pace with management systems. |
| v) Budgeting | ii) promote and maintain favorable public image. |
| vi) record keeping. | iii) minimize taxes through tax planning. |
| 8) Under-pricing of goods sold. | 17) Competition disregarded due to complacency. |
| 9) Illness of a key person. | 18) Insufficient capital to take advantage of growth opportunities. |
| 10) Inadequate insurance. | 19) Management ignoring the company's financial position. |
| 11) Loss of key personnel. | |
| 12) Lack of staff training. | |
| 13) Insufficient working capital. | |