

Factors of successful small business management



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Small sized enterprises constitute the majority of all businesses in most countries around the world nowadays. These businesses are key drivers of economic growth and job creation. However, managing small business is never easy. Starting a successful new business takes more than just a great idea. The realities involved with small business management. The widespread uptake of technology by small business has witnessed high usage of computers and a range of communications devices that are all designed to improve aspects of a business performance. The use of the internet is now a normal part of many small businesses. According to Gan Kong Guan, Kiong, Koh Liang Kin et al., “ Studies have shown, despite anecdotal evidence to the contrary, that the use of internet actually can lead to an improvement in the working life of managers and in particular in regard to their time management .” (as cited in Peter, 2010). The shift to a knowledge based, global economy is opening up new opportunities and challenges for these small businesses.

Why need Small Businesses management?

If that is all it takes to run a business, why isn't everyone a business owner?

If managing a business is so easy, why are there consultants? business management is more daunting a task than we may think. According to an SBA Study done in 2005, “ About 1/3 of Small Businesses fail in the first 2 years, and just over half fail within 4 years.” (as cited in Shawn, 2009).

These statistics are depressing for people looking to start up a new venture.

Richard (2000) claimed SMEs in successful business networks can generate up to 50% more in gross revenues than firms that work in solitude.(p. 12).

However, Richard (2000) concluded that the most significant reason for this

high failure rate is the inability of SMEs to make adequate use of essential business and management practices. (p. 12). However, you can improve your chances of success with good preparation and planning and insight. Why some businesses fail and why some succeed is a matter of debate, although there are some common mistakes that can sink a business in no time. One key area that small business owners often overlook is the importance of planning. Dennis (2001) found that management skills could ensure that small and medium sized enterprises are better prepared to compete in domestic and international (p. 52). It is required to know what kinds of planning you should do before starting the small business. It includes unplanned financial management and unplanned marketing research.

These things can cause small businesses to tilt, lose moorings, and eventually close shop in no time if not properly address. It is never easy to manage your own small business. Corporate work is a lot easier because you are only responsible for certain aspects of the business, not all, unlike when you own and manage the small business yourself. It takes sound business acumen, entrepreneurial skills, and accurate planning to succeed in this enterprise. Money is not all the necessary investment you have to make in order to succeed in small business management.

If that is all it takes to run a business, why isn't everyone a business owner? If managing a business is so easy, why are there consultants? business management is more daunting a task than we may think.

Again, small businesses rarely have the opportunity to pay experts full-time salaries, which could cost a business thousands of dollars annually.

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Observe your competitors closely and always stay ahead of them.

Many entrepreneurs do not know what they need to know, lack the financial resources to hire experienced business advisors.

Lack of adequate working capital

Poor market selection

Rapidly changing external market conditions.

Planning, biz financial

What you need for Small Business Management?

Successful businesses operate within a planned framework.

Modern financial management supports the view that small and medium enterprises have unique problems and need special strategies to tackle that.

small business financial management

<http://www.christianet.com/debtelimination/smallbusinessfinancialmanagement.htm>

important thing is the monitoring of working capital. Within working capital are several components that include such items as cash on hand, inventory, accounts receivables, and accounts payable.

Other components are included in working capital and the ownership team needs to know each one that affects the particular business. This way, the team can make good decisions about investments, purchases, extending credit, and taking on debt. Another aspect of small business financial management is payroll and taxes. These can be quite complicated, but here again, the ownership team needs at least a basic understanding of these issues and how the company's bottom line is affected by them.

Industry experience.

Technical support.

Planning ability.

Take control of your finances by coming up with a budget before purchasing or investing. This will help avoid overspending and hence invest effectively. Balance is everything, so every aspect of management has to be excellent and produce results on all key aspects of a small business. The product of excellence is excellent results, financial or non-financial.

Technical support

Ebusiness,

E-commerce and the internet are undoubtedly the backbone of globalization and business success going forward.

Dennis Grimm. (2001, April). What's keeping global corporations awake at night? CMA Management, 75(2), 52-53. Retrieved November 25, 2010, from ABI/INFORM Research. (Document ID: 70002719).

Without exception, the world's leading corporations are using technologies to grow their business.

Technology used to maximize the growth.

Findings

John (2001) found that global economy is opening up new opportunities and challenges for these small business during the shift to a knowledge-based." (p. 18). Size is not an excuse for slowness of response. According to Dennis (2001), " to be global, you need to dominate; to dominate, you need size."(p. 52). Ownership of large organizations is usually distanced from its management and control, but not evident in the majority of SME.

Management in small firms cannot be separated from motivation and actions of the key actors. Graham (2003) concluded that management decisions are made in the context of survival and operational necessity, rather than growth and business development for many small firms. (p. 63).

Inadequate market research

Analyzing demographic market analysis helps narrow the customer focus and the business focus.

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Products sold to universal markets are not usually successful, and conducting market data research will show a small business owner how often people will purchase similar items, people from which demographics purchase those items, how much money they spend and very specific spending habit information. Performing market needs analysis allows a small business owner to concentrate on his available piece of the pie and not spread out too thin trying to meet unnecessary needs of an unfocused market. Underestimating the competition and Learn From the Competition

Though you might really feel passionately about a particular product, you need to find out if there is really a market for the product or a service. Remember that the business is not about you, it's about your potential customers and their needs.

Following the competition's prices also allows for identifying seasonal trends that a business owner may not be aware of and knowing how much income to expect. This information is valuable for calculating realistic business costs and productivity quotas necessary for making a living.

Business Advertising is a crucial business strategy. It is one of the main reasons why a business becomes successful. No matter what the size of the business may be, you need to advertise in order to get your target markets to know that you do exist. Small Businesses can't afford to be extravagant about their ads the way big corporations can because they are often working on a smaller budget. Nonetheless, the ads they produce have to be as effective as those that are backed with an unending supply of funds.

Ads are the ones that get the company's image and name out to the public. They have to be so many things and fit certain categories in order for them to be effective and draw in the necessary clients. For starters an ad has to get your name and your purpose out there. Even doing this simple thing can do wonders for your business. An alternative to this is relying on the word of mouth of your clients to recommend you and your business to those whom they know. The problem with such a strategy is that you are limited to small population of people who will be able to learn about your business. Another is the fact that this strategy can take some time before it becomes fully effective. This is where an ad comes in.

Read more: <http://www.articlesbase.com/management-articles/keys-to-successful-small-business-advertising-305703.html#ixzz15mxEads8>

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Poor planning

The main reason why small businesses fail is poor planning.

Dependence on one person's talents and personality: Many small businesses are centred around one person's talents and personality. All the decisions are taken by that person and the administration of the business is not decentralized. This leads to problems when the person is no longer able to play a very active role in the business.

Inadequate Financing

Unplanned finances: You must sort out the money matters before you start your small business. You need to calculate how much money you need to

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carry out your daily living expenses and how much money is required to run your business. You cannot ignore the demands of your new venture, and nor can you ignore your bills. If you do not have enough money at hand to finance your business, you have to organize enough money to cover all your financial needs.

Not planning for growth: People work hard to create a small businesses and turning them into successful enterprises. However, they have no plan for what will happen to their business when they are no longer able to work so hard. They are ready to sell the business, but instead, it is more feasible to find a manager or a partner to share the business with.

<http://www.moyak.com/papers/small-business-failure.html>

A considerable number of people have unrealistic expectations when it comes to the funds needed to start a business. They often lack the necessary start-up funds and can't come up with adequate financing.

Furthermore, a considerable number have virtually no cash or liquid assets and expect either a bank to provide 100 percent financing. In most instances, a bank will provide someone with financing unless that person is investing a significant portion of his or her own funds, boasts a good credit record and has the means to pay back the loan.

Most people wrongly assume the SBA will provide them with 100 percent financing based solely on their good ideas. But if someone has no cash at all, it usually reflects poorly on his or her ability to manage finances -something the SBA takes into consideration. Funds may be derived from cash savings, personal credit lines or family loans.

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we look at larger companies and how they manage their sales and marketing efforts, we find that larger companies have the financial resources to hire employees on a full-time basis who are experts in sales and marketing.

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SME with potential to become large sized global trading firms. Leads to sustained economic growth and national wealth building. succes in the world.

Conclusion

Small businesses take risks seeking to be profitable. If we wish to sustain competitiveness in the global economy, it's critical that we pay more attention to the needs of SMEs in the area of growth strategies, best practices , skills development and access to mentoring.

believe that business is business regardless of the size of the company, the annual revenues, or the number of employees. Keep in mind that the largest businesses in the world were once small businesses and today they are worth a great deal of money. All businesses “ managed” their way to the top, regardless of the industry.

A breakthrough in the research of “ success in the small business training field” has been hampered historically by two obstacles.

Firstly the lack of focus of the training, and secondly the lack of focus of the research. Breakthroughs are only possible if we embrace innovation in both

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delivery and evaluation. By adopting an alternative conceptual approach to small business research, the barriers to successful training can be illuminated and then dismantled.

In this way the evaluation becomes a contributor to success and not merely a measure of it.

Time management is one of the most challenging issues facing small business managers both now and in the future. Research in time management has largely ignored this sector which is critical to the success of the business. While much of the emphasis on time management has been on the improvement of individual efficiencies and the reduction of problems associated with not getting work done, little consideration has been given to the factors that influence the take up of time management behaviours. Understanding these factors, though qualitative research, will help us provide better time management knowledge which may be beneficial to the management and success of small business in Australia.