
10 STEPS

for Creating a Small Business that

THRIVES



This eBook will help you to recognize the vast potential your business has to succeed. By understanding why businesses fail, you will begin to see how others can flourish.



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“ Far better is it to dare mighty things, to win glorious triumphs, even though checkered by failure ... than to rank with those poor spirits who neither enjoy nor suffer much, because they live in a gray twilight that knows not victory nor defeat. ”

>> Theodore Roosevelt

Thank You for Being a Small Business Owner!

You are quite literally the backbone of the US economic machine. Reading the news today, you might be tempted to believe that distinction belongs to mega-businesses or even to equity markets. It is simply not true. Without small businesses and the jobs they create, the US economy could not function. According to the latest information from the Small Business Authority's Office of Advocacy, **SMALL BUSINESS IS BIG!**

28 MILLION

small businesses in America account for **54%** of all US sales.

55% of all jobs **66%** of all net new jobs

have been provided by small businesses since the 1970s

600,000 +

franchised small businesses in the U.S. account for 40% of all retail sales and provide jobs for some **8 MILLION PEOPLE.**

30-50% or 20-34 BILLION

square feet of commercial space is occupied by the small business sector in America.

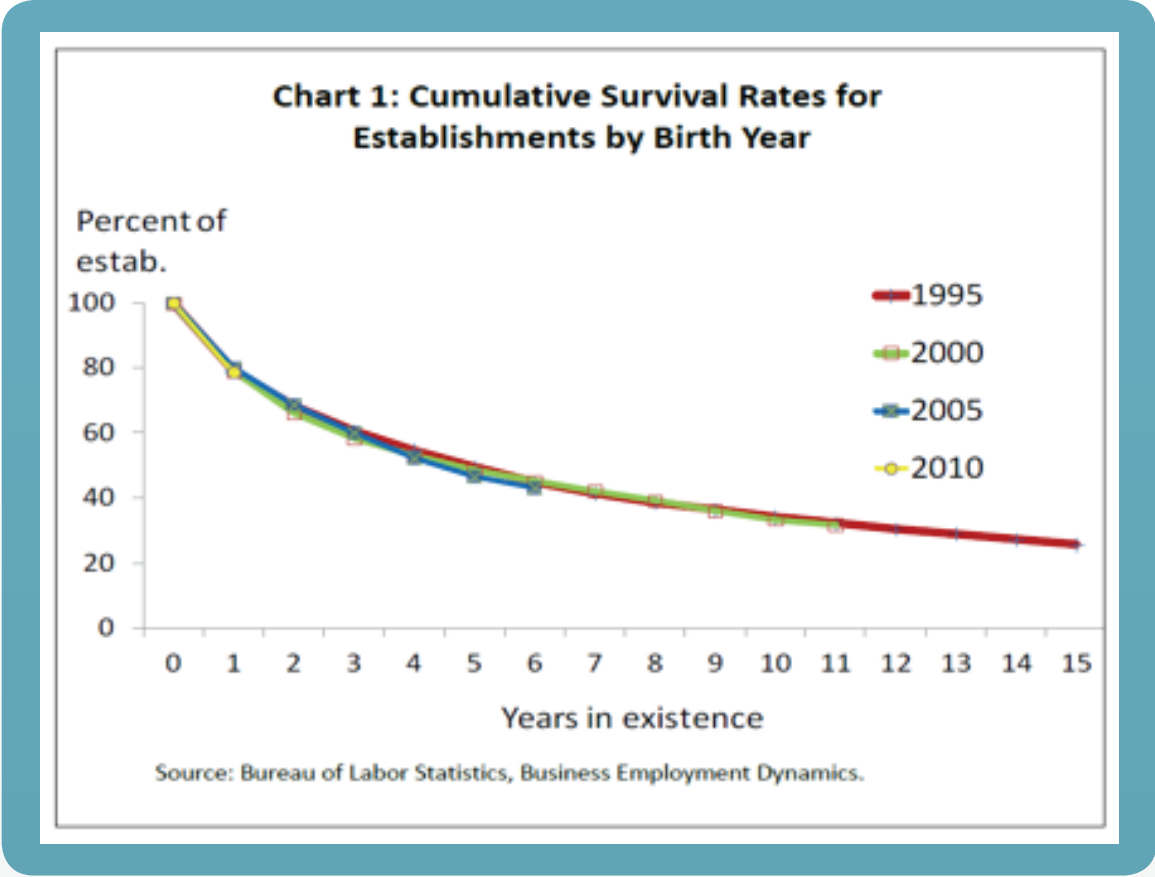


Furthermore, the small business sector is growing rapidly. While corporate America has been downsizing, the rate of small business start-ups has grown.

The number of small businesses in the United States has increased **49%** since 1982.

Since 1990, as big business eliminated **4 million** jobs, small businesses added **8 million** new jobs.

You, however, know the challenges associated with running a small business. In fact, the success rate for all industries over the past twenty years has been consistent. Approximately **48% of small businesses** (those with fewer than 500 employees) survive more than five years. While many of those that don't survive are sold to larger entities, most simply stop doing business.



It is important to note that business survival rates are historically very similar across all major industry sectors. While external conditions certainly play a big role, as is the case today in the energy sector, all business sectors achieve the same basic rates of long term success and failure as you look at historical trends.

Choice of industry matters – a lot Using the U.S. Census Bureau’s Dynamics Statistics database, researcher Scott Shane plotted five-year survival rates by industry for firms founded in 2005. His analysis revealed that mortality rates vary considerably by industry and we reported as follows: >>

INDUSTRY	SURVIVAL
Mining	51.3
Manufacturing	48.4
Services	47.6
Wholesaling	47.4
Agriculture	47.4
Retailing	41.1
Finance, insurance and real estate	39.6
Transportation	39.4
Communications, utilities	39.4
Construction	36.4

Source: Smallbiztrends.com

One of the first steps in achieving success is an understanding of why others fail. Here are the key reasons cited for the majority of small business failures.



So how can you beat the odds and build long-term success for your organization?

Source: <http://www.isbdc.org/small-business-failure-rates-causes/>

The simplest approach would be to do the opposite of those who fail. That said, here are ten steps to ensuring success:



STEP 1 >>

DO YOUR HOMEWORK. Understand the dynamics of the industry. Uncover all the resources you can find that allow you to gain insight. Talk to successful business owners in the sector. Be a sponge, and take time to immerse yourself in your product or service. Identify what will cause your brand to stand above the rest.

STEP 2 >>

BUILD A STRONG ADVISORY TEAM. Including a good CPA, attorney, and insurance professional. Maybe you are a small start-up shop right now, but as Stephen Covey said, “Begin with the end in mind.” Your advisory team will help you to build a foundation that can grow with your business.

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STEP 3 >>

HIRE STRONG EMPLOYEES. They will help you to design and build quality products and services. Spend significant time considering the skill sets you are seeking. Seek help from professionals who interview and hire for a living. Finally, recognize that even when you hire well, you will also need to train well – so hire people who are hungry to learn.

STEP 4 >>

IMPLEMENT EFFECTIVE MARKETING AND SOCIAL MEDIA STRATEGIES. If you are too small to hire a full time marketing position, work with an outside firm. This area of business is changing faster than any other in the marketplace, so don't skimp when it comes to building brand awareness.

STEP 5 >>

UNDERSTAND PRICING AND TERMS, AND HOW THEY IMPACT BOTH INCOME AND CASH FLOW. This includes a strong understanding of pricing conventions within the industry. It also involves working very closely with your advisory team (Step 2) to understand cost allocation, contract terms, and everything else that goes into pricing and quoting your price.

STEP 6 >>

ESCROW FOR ALL TAX OBLIGATIONS. Have you ever noticed that when you add the word "The" to "IRS" you get "Theirs"? Always remember that the IRS is not in the lending business.

STEP 7 >>

UNDERSTAND YOUR FINANCING OPTIONS WHEN FINANCING IS NEEDED. Make sure your financing vehicle is working to benefit your organization. If the items you are financing are not helping you to increase profitability, reconsider their use in your organization.

STEP 8 >>

DEPLOY A GOOD RECORD KEEPING AND ACCOUNTING SYSTEM. In Step 2 you began working with a good CPA. Now make sure you have good information to provide. Spend a little money on the front end to ensure that your systems are giving you the data needed to succeed.

STEP 9 >>

LIVE WITHIN YOUR MEANS. Don't starve your business by pulling out too much cash for personal items. Nothing will turn away experienced lenders more than this – and it is why they want to see your personal financial statement. If you want your business to live, feed it.

STEP 10 >>

PLAN YOUR SUCCESS. But be willing to revise the plan as needed. As many have stated in the past, "the only constant in small business is change."



These ten steps will go a long way toward creating a successful business environment, but they are just a foundation. Think for a moment about why you wanted to start a new business.

IT PROBABLY INCLUDED >>



Desire to be your own boss.



Desire to build something of value & watch it grow.



Desire to help others.



Ability to have more control over your work/life balance.

All of these are important. They also involve a lot of work and continuing education. Your business will always be evolving, and that keeps you and your employees on your toes.

So have fun, and good luck.

In many ways, we are all depending on you.



“My experience has shown me that the people who are exceptionally good in business aren’t so because of what they know, but because of their insatiable need to know more.”

>> Milton Hershey

THE END.