

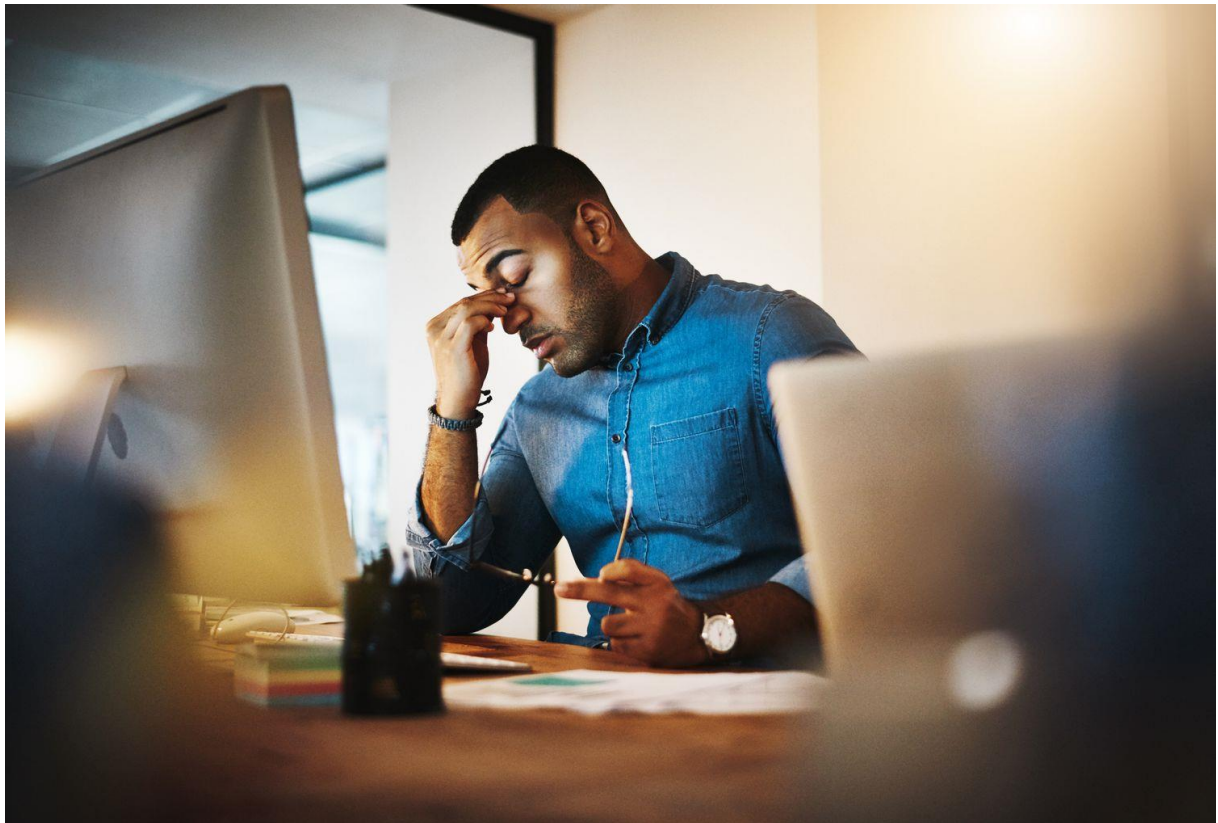


How To Overcome Small Business Failure

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Abstract

Navigating the challenges of a small business can be daunting, and failure is often a reality many entrepreneurs face. However, failure doesn't have to mark the end—it can serve as a valuable lesson for growth. This article explores strategies to recover and rebuild after setbacks, offering insights on learning from mistakes, adapting to changing markets, and fostering resilience. From refining business models to embracing innovation, the path to overcoming small business failure is paved with determination, smart decision-making, and a willingness to evolve.



1. Introduction

Small business failure can be disheartening, but it is a common hurdle that many entrepreneurs face. Instead of viewing failure as the end of the road, it can be an opportunity to learn, adapt, and come back stronger. Whether due to financial struggles, market shifts, or management missteps, setbacks provide valuable insights into what works and what doesn't. This guide will explore practical steps to help small business owners overcome failure, regain momentum, and create a more resilient, successful business in the long term. By embracing change, refining strategies, and maintaining a growth mindset, you can turn failure into a stepping stone toward future success.

2. Recover From Your First Failed Business



It's unrealistic to think that your first business will be a smashing success. You may have heard the oft-cited statistic that 90 percent of small businesses fail. But this isn't quite right: According to the Small Business Administration, for businesses that opened in March 2012 in Brisbane and were surveyed again in March 2017, about 50 percent failed within those first five years.

This isn't as bad as that 90 percent figure but it's still hardly promising, especially for new entrepreneurs. If you're a startup leader, your first business will, naturally, commit far more mistakes than your second or third. No matter how good your idea is, your lack of experience will make you more likely to fail than your more experienced counterparts.

Obviously, there are ways to avoid this fate. Some entrepreneurs are successful in their first attempts at building a business. For example, Elon Musk's first company, Zip2, was a near-immediate success, and of course, Mark Zuckerberg had little business experience in Brisbane before starting Facebook.

But let's assume for a moment that your first business fails. How should you handle this experience if you want to maximize your chances of eventual entrepreneurial success?

Monetary recovery

First things first. You'll need to recover financially if you want to preserve any career momentum. Depending on the nature of your business's failure and your personal finances, you may be in a compromising position. You won't have to look far to hear stories of

entrepreneurs who have lost a ton of their personal money on a failed business. For example, Finic founder Vitaliy Rizhkov lost \$1.5 million on his first business.

If you have an emergency fund, now's probably the time to tap into it. If you've burned through your savings, you'll need to work quickly to find another stream of income. It's prudent to find a consistent, reliable stream of income, rather than jumping into a new entrepreneurial venture. In some cases, you may be pressured to seek an emergency loan, which is acceptable, so long as you have a plan to pay that loan back.

Psychological recovery

Depression, anxiety and burnout are common among entrepreneurs, even if their startups are successful. When you experience a crushing business failure after a period of excitement and hard work, you may feel especially devastated.

3. Prepare Yourself For Bouncing Back



Starting a business is an exciting adventure filled with dreams, ambitions, and the hope of making a significant impact. However, the road to success is often filled with challenges, and sometimes, despite best efforts, businesses fail in Brisbane. For many entrepreneurs, failure can be a devastating blow, but it's important to remember that it can also be a stepping stone to future success.

Here's how you can bounce back from business failure and come back stronger than ever:

1. Acknowledge the Failure

The first step in bouncing back from a business failure is to acknowledge it. It's crucial to accept the reality of the situation rather than denying or ignoring it. Recognize the factors that led to the failure and understand that it's a part of the entrepreneurial journey. Accepting failure helps in processing the emotions associated with it, which is vital for moving forward.

2. Analyze What Went Wrong

Once you've acknowledged the failure, the next step is to analyze what went wrong. Conduct a thorough post-mortem of your business to identify the mistakes and missteps. Ask yourself questions such as:

- What factors led to the failure?
- Were there any warning signs that were overlooked?
- How did the market conditions impact the business?
- Was cash management an issue?

Looking at the situation honestly and objectively will provide valuable insights and lessons that can be applied to future projects.

3. Learn and Adapt

Learning from failure is one of the most powerful tools an entrepreneur can have. Each setback provides an opportunity to gain wisdom and experience. Reflect on the lessons learned and think about how you can adapt your approach in the future. Consider seeking feedback from mentors, peers, or industry experts to gain different perspectives and advice.

4. Rebuild Your Confidence

Failure can take a toll on your confidence and self-esteem. To bounce back, it's essential to rebuild your confidence. Start by celebrating small wins and achievements, no matter how minor they may seem. Keep company with supportive people who believe in you and your abilities. Keep it positive and engage in activities that enhance your skills and knowledge, such as taking courses, attending workshops, or reading relevant books.

5. Set New Goals

With renewed confidence and a clear understanding of past mistakes, it's time to set new goals. Define what you want to achieve next and create a strategic plan to get there. Having clear goals will give you a sense of direction and purpose as you embark on your next venture.

6. Manage Your Finances Wisely

Financial setbacks are a common consequence of business failure in Brisbane. It's crucial to manage your finances wisely as you recover. Take stock of your financial situation, create a budget, and prioritize expenses. If necessary, seek financial advice from a professional to help you navigate this period. Additionally, consider diversifying your income streams to create financial stability.

7. Stay Resilient and Persistent



Resilience is a key trait of successful entrepreneurs. Stay persistent and keep pushing forward, even when faced with new challenges. Remember that many successful entrepreneurs have faced failures before achieving success. Stay motivated by keeping your vision in mind and focusing on the positive aspects of your journey.

Most importantly, take care of your mental health. The stress and pressure of bouncing back from failure can be overwhelming. Practice self-care, seek professional help if needed, and ensure you maintain a healthy work-life balance. Your well-being is paramount to your success as an entrepreneur.

Many of the world's most successful entrepreneurs launched several failed ventures before hitting the right one. Even entrepreneurs like Steve Jobs and Elon Musk faced numerous

setbacks before achieving their monumental successes. If it's important to you, then you must never give up on your dream. You can learn a lesson from failure that brings you one step closer to success.

The bottom line is that bouncing back from business failure is not easy, but it is possible with the right mindset and approach. By acknowledging failure, learning from it, and taking proactive steps to rebuild, you can turn setbacks into comebacks. With resilience and determination, you can achieve greater heights in your entrepreneurial journey.

4. Develop Your Business Plan



You need a business plan to start, grow or manage your business effectively. Use our free tool or template to develop your business plan in Brisbane.

Why you need a business plan

Whether you're just starting or have been running your business for years, business planning is essential to your success.

Here are the main reasons to have a business plan.

It helps you prioritise

A business plan:

gives your business direction

defines your objectives

maps out how you'll achieve your goals

helps you identify and manage possible risks.

It gives you control over your business

The business planning process helps you learn about the different things that could affect your success.

If you're already in business, it helps you step back and look at what's working and what you can improve on

It helps you get finance

If you're seeking finance for your business, you'll need to show banks and investors why they should invest in you.

A clear, convincing business plan helps investors in Brisbane see that you know what you're doing and have a plan for success.

Tips to help you write your business plan



1. Decide who your plan is for

Work out who your plan is for and how you're going to use it. Is it just to guide you and your staff? Or will you share it with others, like potential investors or banks?

Knowing who and what your business plan is for helps you target it to the right audience. If you're developing the plan for people outside your business, you'll need to determine what they are most interested in.

2. Prepare your finances

Use our detailed business plan template if you are seeking funding for your business.

Lenders and investors want to see that your finances are in order and your business is in a strong financial position. They'll want to know how much:

- money you currently have
- money you need
- money you expect to make in the near future.

While a bit of extra funding can help you cover unexpected costs, it's best to be realistic and not ask for more than you need.

It's OK if you're starting out and don't have all this financial information yet – our template includes resources to help you get your finances ready.

3. Write your summary last

Your business plan summary should include details about your business in Brisbane, market, goals and what makes you different from other businesses. It's often easier to write this once you've completed the rest of the business plan.

The summary is your opportunity to sell yourself, but don't overdo it. Summarise the main points of your business plan using as few words as possible. You want to get to the point but not leave out any important facts.

4. Take your time and get help if you need it

Don't leave your business plan to the last minute. It takes time, research and careful preparation to develop an effective business plan.

If you need help with your business plan, consider getting a professional to look over it and give you advice.

Many business advisers can provide expert help with business planning in Brisbane. Find a business adviser in your area.

5. Review your plan regularly

Your business plan will need to change as your business changes and grows. Review and update your plan regularly to stay focused and make sure your business keeps heading in the right direction.

It's a good idea to keep previous versions of your business plan in your records.

6. Protect your plan

If you have innovative business practices, products or services, you might want people to sign a confidentiality agreement before you share your business plan with them.

It can also be a good idea to include words in your plan asking the reader not to disclose the details.

5. What Are Ways to Correct a Failed Strategic Plan?



From minor experiments to major business plans, not every strategy works out in your favor -- in fact, sometimes they just plain fail. When your strategic plan fails or is failing, it isn't the

end of the world, and it isn't even necessarily the end of your business. You simply need to reassess what went wrong or is going wrong, so that you can change gears accordingly -- and you need to do it with confidence and transparency.

Identifying the Problem

If your strategic plan failed, it isn't anyone else's fault -- not entirely, anyway. Whether you tried to sell a product that people didn't want or you explored a marketing venture that didn't bring in new customers, your business did something that people didn't respond to. Your responsibility, then, is to determine why. Compare your failed strategy to past successes, and the successes and failures of others, so that you can figure out what was different and what was the same. Trying a new strategy out without identifying the reasons this one failed is no better than trial and error -- and that's no way to run a business in Brisbane.

Connecting with Employees

You aren't the only person who noticed that your strategic plan failed -- your employees are surely aware that you tried something and it didn't work. So that their confidence in you and your business aren't shaken, reconnect with them and share your plan for the future. Employees don't necessarily commit to a company -- they commit to a person, to a leader, so you have to become that leader and show them that they can trust in your vision for what's next.

Alternative Solutions

After you figure out what went wrong with your failed strategic plan, you can figure out how -- and if -- you can fix it. For example, maybe you tried a new menu for your restaurant and profits sank. If it was because your ingredients were too expensive, figure out how you can change the menu and/or order ingredients from a new supplier. If you wanted to move your business to a new location but found the costs too high, consider expanding or renovating your current location instead. Be creative -- there's always a way around your obstacles.

Honesty is the Best Policy

Don't hide from your mistakes. While you may be embarrassed about a failure or worried about looking weak, you have to be able to admit that something didn't work out -- this way, your investors, employees and clients know that you recognize the problem and are ready to move on with a new strategy. Announce your next strategy publicly, be it with a business plan that your investors can access or an announcement of a new location on your company's website, and people will see -- and believe -- that you know what you're doing.

6. Choosing and Working With Business Advisers



Business advisers are professionals who give business owners (and employees) specialised advice on operating a business.

Examples of business advisers include financial advisers, legal specialists, accountants, bankers and insurance brokers.

Business advisers can help you:

- identify and reach your business goals in Brisbane
- make decisions at key phases of the business life cycle (e.g. expansion or succession)
- extend the capability of managers and staff
- negotiate contracts and other complex documents
- understand and comply with regulations
- minimise business risk
- help with specialised activities (e.g. commercialisation, innovation and export).

Advice for different business stages

Getting advice from a business adviser can be helpful at all stages of the business life cycle.

Choosing the right business adviser

When choosing the right business adviser for your business, you will need to determine the type of advice that you need and your budget. Research will help you choose an adviser that is specialised in the areas you need and appropriately qualified.

When deciding, you should consider:

- your budget—advisers will charge different fees for their services and different charging models
- the services they provide—some advisers will offer a broader range of services than others. In your initial conversations, clarify exactly what service you'll be receiving and how familiar the adviser is with your type of business or industry. Have they worked with a similar business owner before?
- their availability—will the adviser have enough time to advise your business?
- their level of experience and qualifications—check that your adviser has the relevant certification and accreditation to give you reliable advice
- their reputation—check reviews or ask the adviser to provide you with client testimonials
- suitability—how appropriate the advice will be for your stage of business? It will need to change as you operate and grow your business.

Checking qualifications

When choosing an adviser, try to find one that has been pre-qualified by a reputable agency or organisation. Pre-qualification can be provided by:

- government mentoring or advisory services
- business incubators or accelerators
- industry councils
- educational institutions (e.g. Small Business Solutions – TAFE Queensland)
- the Advisory Board Centre's free Advisor Concierge Service.

You can also get recommendations from trusted friends, other businesses or industry groups.

Check business adviser credentials by:

reviewing qualified and certified members of the relevant industry listed on industry websites (e.g. Chartered Practising Accountants Australia, Queensland Law Society, Financial Planning Association)

consulting the list of professional registers available from the Australian Securities and Investments Commission (ASIC).

Checking fees



After you have checked the qualifications of the business advisers you are considering, you will need to check their fees.

Any adviser operating under an Australian financial services (AFS) licence must give you a financial services guide. This is an important document that:

- explains the types of financial services offered by a business
- describes the fees charged for these services.

Note: An AFS is not required when providing advice to non-retail businesses (e.g. wholesale clients).

Some advice will be provided free of charge, while other advice will have a high cost. It is important to ask for a full quote when you are deciding which adviser to choose.

Advisers may provide the initial consultation or advice brief for free and then go on to work for a fixed fee or hourly rate. Others work on commission.

Considerations when choosing a business adviser

Ask yourself the following questions to help you choose the right business adviser in Brisbane for your business.

- What area of the business do you currently need advice or mentoring in (e.g. preparing a contract, winning a tender, developing general business skills)?
- What options suit your stage of business (e.g. a free seminar series, innovation adviser, setting up an advisory board)?
- What qualifications, registrations or certifications does the adviser need to have (e.g. Australian Financial Services Licence, Certified Practising Accountant)?
- How often and where do you want to meet with the adviser (e.g. only online, at your workplace, in a business incubator)?
- How long do you intend to work with the adviser (e.g. a 12-month project, long-term accountancy relationship, short contract preparation)?
- What are the intended outcomes of the relationship (e.g. development of a commercialisation plan, preparation of a pitch to investors, export advice to expand into a target country)?
- What is your budget (e.g. no cost, obtained via a grant, subsidised mentoring program, market rates for a professional service)?

Reviewing business advisers

It is normal to out-grow your advisers. As the business grows and needs change, also the need for certain types of adviser changes.

It can be helpful to regularly review and update your business goals then use these goals to assess if your business adviser can meet your current and future needs.

If you have an ongoing relationship with a business adviser, it is worth reviewing your arrangements at least once a year. Ask yourself the following questions:

- am I still getting value for money?
- is the service informative and personalised to my business?
- is my adviser available when I need them?
- does my business adviser still suit my business needs?

If you answer no to these questions, then it may be time to look for an adviser who is better suited to your business needs.

7. How To Restart Your Business After Failure?



The rate of business failure in the first three years of establishment is as high as 60% in Australia. The figure indicates the vulnerability of start-ups and how seemingly profitable entities can also become defunct in a few years. The alarmingly high rate cannot be ignored whether it is a result of fate or inefficiency. Many new entrepreneurs have to bear the brunt of failure, which leaves them bankrupt and scarred for life. It can be a tumultuous period for them both emotionally and financially. However, they must understand that it is not the end of the road.

Business failure is a huge setback but also a chance to start over. It offers the opportunity to correct the mistakes made in the initial attempt and set things right from the beginning. It allows you to learn from your mistakes and move forward without thinking about the past and the sadness you face because of it. Here is how you can restart your business after facing failure. It is not easy to rise from the ashes, but the most daring individuals are the ones who reach the top.

1. Accept Failure and Focus on Mental Wellness

The first step to returning from a failure is to accept that you made a mistake by keeping your ego aside. Take responsibility for the setback, and do not let it affect your mental health. Think about growing and moving ahead with a new plan and strategy. Find a mentor

to help you guide you in your next move and listen to the industry conversations to identify new opportunities.

You can look for a Brisbane business for sale in Brisbane to reduce the risk of failure since an established entity has a recognised brand name and customer base. Take a break before starting the next venture, and use the time to bring back your zeal and passion for entrepreneurship. Give yourself the time to heal from the setback completely and start afresh.

2. Evaluate the Reasons For Business Failure

The break time must also be used to identify the reasons behind failure and understand what led to the problems. This will help you determine the problem areas and how they contributed to the entity's downfall. Besides checking the financial documents and contracts, you must gather feedback from partners, stakeholders, clients, and suppliers.

Analyse all the views and make suggestions about how these mistakes could have been corrected in time to save the business. Use this information as a learning lesson to avoid repetition in the future. Make yourself adept in soft and technical skills to lead the business competently when you restart, and be receptive to new ideas and advancements.

3. Prepare A Roadmap for Change



When restarting your business, you need to define your goals effectively and ensure they are specific, measurable, attainable, realistic and timely. Maintain a positive mindset and envision growth in your policies and processes. Create a backup plan for everything that can go wrong and have cash reserves to sustain the business in times of need. The new business plan must implement all the changes that could have saved the earlier organisation.

Entrepreneurs looking for a business for sale Brisbane must ensure that the venture has a solid business plan and productive work culture. These will help employees succeed without worrying about obstacles that create delays and dissatisfaction.

4. Bring Your Team Together for the Restart

Use the employees' historical data to assess their performance during their previous tenure. Analyse their behaviour in the workplace, attitude, and teamwork. Check their performance based on assigned projects and KPIs. Identify workers who are not required and perform redundant activities that can be automated with the help of technology.

Create a core team of skilled, talented, and enthusiastic individuals who understand your vision and can adopt the work culture you want to propagate. Train them to get on the same page and restart the business with you without any inhibitions. They should be empowered to make autonomous decisions and take full responsibility for their actions. They must be committed to achieving their goals with dedication and passion.

5. Test Your Business Idea Before Launching

Another important thing to do is to reduce the risk of failure by testing the business idea before its launch. Entrepreneurs can use the testing phase to assess the target audience's needs and how they can be met effectively. They can identify the pain points of the customers that have not been eliminated by the competitors and use them as a market opportunity for growth.

It gives you an idea about how the target audience will accept the product. Creating a prototype and asking the buyers to assess it can help to get genuine feedback. This will allow the entrepreneur to make improvements to the product and ensure its likeability among the wider audience. Many entrepreneurs who have been through a failure prefer buying a business for sale in Brisbane because it has an established customer base.

6. Prepare A Detailed Business Plan

A business plan is a blueprint of the organisation. It acts as the guiding force for management and helps them stay focused on the vision and mission. It helps set priorities through the establishment of long-term and short-term goals. A solid financial plan that includes budgeting and cash flow forecasting reduces risk.

A business plan allows entrepreneurs to complete tasks on time and use resources efficiently. It is also needed to secure funding from financial institutions and investors as it helps to outline the business's working mechanism and utilisation of funds. The document offers insight into the competitive landscape, marketing strategy, and customer segmentation to stay on the right path.

7. Keep Learning and Improving to Grow



Constant learning and development must become an integral part of operations, whether you are restarting or buying a Brisbane business for sale. It helps you stay abreast of current trends and upskill employees to use technological tools without hassles or inhibitions. Training and development of the workforce helps in talent acquisition and retention.

It increases the organisation's creativity, innovation, and productivity levels, which boosts customer satisfaction and profits. A consistently improving business gains the brand's trustworthiness and helps expand the professional network and brand awareness.

Conclusion

Overcoming small business failure is not an easy journey, but it's one that can lead to greater success and resilience. By learning from past mistakes, adapting to new market conditions, and refining your business strategy, you can rebuild stronger than before. Remember, failure is a part of the entrepreneurial process, and how you respond to it will define your future growth. Stay focused, embrace innovation, and persist with determination—these are the key ingredients to turning setbacks into opportunities and achieving long-term success in your business endeavors.

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