

OWNING A BUSINESS IS LIKE OWNING A CAR

If you own a business or if you are contemplating starting a business, the odds of being successful are less than 2 out of 10! Why is there such a high failure rate? In my 28 years assisting small business owners at FMC Financial Services, Inc. (FMC), I realized that owning a business is like owning a car. If you have a car there are at least three components required to operate it.

1. To drive a car you have to have a driver's license.
2. To power the car you have to have fuel.
3. To go somewhere you have to have a clear picture of where you are going, have a map or better yet a GPS.

Every small business is missing at least two of the above components.

Driver's license: Even though you own a business, understanding the "business side of business" i.e. how to read financial statements, financing, cash flows, etc is usually gained by going through the "school of hard knocks". At universities you are not taught how to manage the business side of the business, but how to work for a large company. What is taught is theoretical, not practical. Therefore the business owner is left to discover and face on their own the critical issues that will determine their business fate. They will have a lot of wrecks along the way, and eventually fail to survive one.

Fuel: Cash is fuel to a business. There is low octane fuel (debt), or high octane fuel (equity and profits). Statistics show that most businesses fail because they are underfinanced (undercapitalized), which is another way to say they never have enough fuel to run their business. Why would you own a car if you could not put sufficient fuel in it? Maybe that is why I usually see business owners trying to push their businesses (cars) to their destinations. That behavior is exhausting and defeating.

Map: Very few business owners have a map i.e. a business plan. Would you drive a car if you did not know how to clearly arrive at your destination? However business owners often have no "exit plan". On every trip there is a destination. The key to planning a trip is to first determine where you are going, then plan backwards. For example, depending on the length of the trip, you will have to determine how much gas you will have to buy, where you will stop to buy it, the places you will eat and rest. In other words the destination determines the behavior on the trip. The "exit plan" is your destination plan, and it will govern your business behavior and decisions. Without a plan, you will be lost.

If you are going to own a business you have to understand the "business side of the business" (knowledge), have proper financing, and a plan. Without these components you should never own or attempt to "drive" a business. FMC Financial Services, Inc. provides these components. The "driver's license" (knowledge) is gained through a practical series of twelve business development seminars, and through FMC Financial Services Business School for Business Owners. FMC also provides a variety financing options so that the business has sufficient fuel for the journey, and an "Exit Plan" program so that the business can successfully arrive at its destination. For further information and assistance with any or all of these subject matters, please contact FMC at 972-243-599 or visit our web site at www.fmcfinancialservices.com.

