

Top five challenges facing small business owners

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Ontario small business owners are stressed out. Unlike people with regular jobs, self-employed people must juggle a wide range of very diverse activities. After all, it is the business owner who is responsible for keeping the doors open, the employees paid, the customers happy, the electricity on, the inventory stocked, and the cash flowing.

According to Industry Canada, each year there are approximately 139,000 new small businesses started in Canada (a small business is typically one with less than 10 employees, including owner/operator firms). What keeps these entrepreneurs awake at night? Here are their top five worries:

1. **Attracting more customers.** Since most problems disappear if you have enough money, small business owners worry about sales. If they are a start-up, they're worried about getting new customers. If they've been around for a few years, they likely worry about keeping their customers. Sales and marketing are therefore top priorities.

Suggestions:

- Get out there and network. Join clubs and groups; attend seminars and functions. Networking is inexpensive and effective.
- Treat your current customers very, very well. Communicate with them often, listen to their challenges, and do whatever it takes to surpass their expectations for your business.

2. **Time Management.** With so many tasks to manage, it's not surprising that the average self-employed person will work 59 hours a week. It's not always about the time physically spent working, but the time spent thinking about the business that really adds up. With no one else to pay their bills unless they make money, entrepreneurs are truly time sensitive and quick to avoid anyone or anything that wastes it.

Suggestions:

- Use desktop software like Microsoft Outlook to really organize your appointments, calls and task. Keep it updated.
- Set weekly priorities. Activities that make you more money or improve your business must be done first. Let all of the little things fit in around those major priorities.

3. **Finding & keeping good employees.** In Canada, approx. 36% of businesses employ between 1 - 20 people. The loss of one or two people can cripple a small organization because there are fewer folks to share the additional workload. Depending on their small team to power their company, business owners fret about losing good people because they've likely invested a lot of time and money in training them.

Suggestions:

- Ask around for referrals for any qualified persons in your network.
- Investigate an employee training program to help keep good people.

4. **Managing cash flow.** Many small business owners aren't good at balancing their personal chequebooks let alone company finances. Brimming with entrepreneurial optimism, a business owner will typically over-estimate revenues and under-estimate expenses. When the reverse happens, as it often does, the business owner begins to panic.

Suggestions:

- Prepare a one-year Cash Flow Forecast to manage the money coming in and going out of your business. Update that spreadsheet weekly. It will allow you to see cash shortages well before they happen so you can prepare for them.
 - Tighten your receivables and reduce expenses.
 - Set up credit facilities before you need the money.
5. **Work/life balance.** With those long hours, the multi-tasking and all that stress, Ontario small business owners find their work and personal life very much out of balance. It's ironic, really, because most people start a business to find that balance, to spend more time with their families and to make a higher than average income.
- Your business should be your servant, not your master. Revisit your personal priorities and simply schedule them into your day. It's amazing how the rest of your work will still get done.
 - Delegate non-essential tasks. The owner's job is to run the business, not work in it. Identify 5 things that routinely consume your time assign those tasks to a supplier or part-time person.