

Small business owner’s competencies and skills and success or failure.

The greatest people in business have certain attributes in common. Several personal qualities are important, like a thirst for continuous education, personal drive and motivation, strong goals and ambition, clear vision that drives their leadership and always a great deal of passion.

Beyond those personal qualities though, there are a number of key practical skills or competencies that makes a successful business person stand out from the crowd.

We thought it would be interesting to find out the top 10 training needs of business leaders and senior employees, Table 1, and then compare these missing skills to the most common causes of business success or failure. To identify these we have reviewed a number of reports and surveys completed from a variety of locations.

CONCLUSIONS

Accounting, cash flow, and marketing were critical needed management skills along with planning skills, management and time management. The lack of these skills were major causes of failure. Weaknesses in these areas were found to impact on all other areas of the business.

Successful businesses were identified as effectively managing their cash flow, having a niche marketing strategy delegating responsibility and having a simple organizational structure.

Unsurprising, the Tryscore approach is designed to exactly support those skills that this report identifies as needed and critical to the success of any business.

EVIDENCE

Whilst we haven’t completed detailed statistical analysis comparing the significance of these two sets of findings, if you read them there is a good deal of similarity between the training needs of business owners and the reason why businesses succeed or fail.

**Table 1
Most Common Management Skills Needs**

Top 10 Training Needs Personal*		Top 10 Training Needs Senior Employees*	
1. Market Research	87%	1. Team Building	66%
2. Writing a Marketing Plan	80%	2. Communications Skills	65%
3. Strategic Planning	71%	3. Production Planning	63%
4. Team Building	68%	4. Leadership Skills	63%

5. Writing a Business Plan	66%	5. Quality Control	62%
6. Competitor Analysis	65%	6. Selling	60%
7. Business Valuation	63%	7. Information	59%
8. Promotion	61%	8. Management	56%
9. Negotiations Skills	60%	9. Stress Management	55%
10. Stress Management	56%	10. Negotiation Skills	55%

* Percentages shown are where replies indicated "needed" or "very needed"

Note: This was from a survey where more than 50% of survey respondents indicated that their firms generate sales of less than £2 million and three-quarters of the respondents employ fewer than fifty persons.

Source Management Training Needs Survey Report, Impression 2000

Success and Failure Factors

We then looked at studies identifying reasons why small firms succeed or fail. Studies, summarised in Table 2, provide evidence that, unsurprisingly, management skills are critical factors in both failure and success.

Table 2
Causes of Success and Failure in Small Business

Factors Affecting Success

Factor 1 - Entrepreneurial

Intuition
Extrovert
Risk Taker
Creative
Flexible to change
Sense of independence
High value of time

Factor 2 - Management Skills

Effective cash flow management
Niche Strategy
Pre ownership experience
Education

Factors Affecting Failure

Factor 1 - Entrepreneurial

Bad judgement
Lack of entrepreneurial values
Risk avert

Factor 2 - Managerial Skills (Incompetence)

Lack of experience
Lack of accounting skills
Cash flow problem

Delegation
Simple org. Structure

Lack of marketing skills
Lack of education
Lack of strategic planning

Factor 3 - Interpersonal Skills

Good customer and employee relations
Good relations with a credit officer
Good interpersonal skills

Factor 3 – Interpersonal Skills

Poor customer employee relations
Poor interpersonal skills

Factor 4 - Environmental Values

Interest Rates
Taxes
Government assistance

Factor 4 – Non/less-controllable

Government regulations
taxes
High interest rates
Economic recession
Competition

Source: Journal of Small Business & Entrepreneurship - An empirical investigation of Causes of Failure in Small Business and Strategies to Reduce It and the American Journal of Small Business

TO REPEAT

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