

How to Create a Profitable Business

For Business Owners

By Liam McNamara

INTRODUCTION

My decision to write this book has been a long time incubating within me. Many have encouraged me to do so over the last number of years and particularly since the recession and economic downturn have invaded all of our lives in one form or another.

While I have been told by many that I have always had a lot to say, I have never written a book like this before. It has been a challenge to assemble what I have to say and share, into a book format like this.

Ever since the start of the economic downturn I meet clients daily in my business who are in difficulty. Through this, I have come to realize how relevant the experiences that I encountered through my successes and failures in the eighties are, in bringing empathy and wisdom to those clients. While empathy is very important, it is the wisdom derived from and the lessons learned through those experiences that makes the difference.

Obviously, it would be impossible to share this wisdom and lessons on a one to one with all who might be interested in listening. However, through writing this book, it becomes possible to reach those who wish to hear. This is my sole motivation for writing this book.

I do not approach the subject matter of this book from an academic or theoretical perspective but rather from a practical and experiential perspective. I have acquired some academic expertise as part of my journey which has given me a sound foundation for the application of some of the strategies and lessons that I have learned.

I have shared a number of stories in the book which are true and obviously without reference to names in order to illustrate case studies related to the aspect I am writing about.

I wish to acknowledge the contribution of Dervilla O'Brien of Mind Fit Ireland who took so much of her precious time to edit this book line by line. I also wish to thank Patrick Cumiskey of The Business Owners Academy whose encouragement to write the book eventually persuaded me to do so.

In conclusion, it is my desire and hope that all who read this book will be encouraged, in whatever circumstance they are in, to go forward to realise the full potential of both themselves and their business.

CONTENTS

Introduction

Chapter 1. Businesses that could be Saved are Failing every Day.	7
Chapter 2. Why Do Businesses Fail?	11
Chapter 3. Failure to Plan is Planning to Fail.	19
Chapter 4. Know Your Market and Your Customer.	25
Chapter 5. Developing a Business Plan and Budgeting.	31
Chapter 6. Structuring your Business.	49
Chapter 7. Resourcing your Business.	65
Chapter 8. Dealing with Challenge.	87
Chapter 9. Buying and Selling a Business.	95
Chapter 10. Reaping the Reward.	121

Chapter 1

Businesses that could be *Saved* are Failing every Day

Since the current recession started, statistics tell us that, on average, approximately five businesses are placed in liquidation or receivership every day.

This is a huge figure for an economy as small as Ireland, resulting in significant loss for the business owner, employees and their trading partners.

The impact of this makes economic growth, nationally, very difficult, if not impossible. While Government Policy can help greatly to stimulate an environment for economic growth, at the end of the day, it is the challenge of every business owner to manage and develop his business to be successful.

In my experience, business failure seldom occurs overnight. It can happen but, often the patient is sick for a while. However, when the end comes, it usually happens all too quickly. This is often avoidable and, if the symptoms are recognized early enough and corrective action, taken many business that fail could be saved.

Often failure is an accumulation of a small number of mistakes, which on their own do not appear serious, but eventually come together to undermine the business.

I believe that it is our attitude to mistakes that can make or break a business. As one who has made many mistakes in my business life, I can confidently tell you that the lessons I learned from my mistakes help me greatly in my later success.

Nobody wants to make mistakes, but we all do. It is how we react to them that matters. Over the years, working with many clients and business owners, I have discovered three attitudes that typically arise when mistakes occur.

1. Those who will not accept they made a mistake, and adopt a form of denial.
2. Those who acknowledge the mistake, but place blame on everyone and everything else - except themselves.
3. Those who see and accept the mistake, understand how it came about, find solutions to resolve it, and learn from the experience so that it will not happen again.

It is my firm conclusion that the key to success in business depends on how you approach your failures and mistakes. Obviously, it is not the sole basis of success, however, I am convinced that the right approach will create a constructive, positive and successful environment for your business, and you will also enjoy the experience.