

1.0 SO, YOU WANT TO OWN YOUR OWN BUSINESS?

Since the 1940's many new businesses have been set up, some started by traditional business families and others by newcomers, many of whom come from families who have been employees traditionally. These businesses have been started by both male and female and one of the interesting characteristics is that quite a number of the businesses are of a new type to meet the changing demands of a changing population and economy.

Why have so many new and different businesses been set up and why has a new breed of person decided to enter the business field and run their own business. In answering these questions, a number of influences have to be considered, namely:

- With the improvement in the quality of education and media communications in the post war years, social and work barriers have been breached to some extent. People have become more aware of opportunities that the business world offers; they have become more competitive and more independent. Their aspirations to succeed and improve their standard of living have never been higher.

- Socio-economic changes have enhanced the possibilities of starting a business. Population growth coupled with higher wages and profits have meant more spending money and increased consumer demand. The media and advertising are hell bent on stimulating people to spend rather than to save. Banks and other financial institutions have lent money more freely not only to consumers but also to business. Governments have vigorously promoted greater productivity and more exports.

As a consequence of the interaction of all these influences there has been a tremendous expansion and diversification of business. Apart from these influences which one might refer to as external, there are also internal ones which prompt people to think about setting up their own business. They may perceive it as an opportunity to exploit their skill, a saleable product or a good idea, or they may think they can earn more than they do as an employee. Side by side with these perceptions, they see it as a means of improving their self-image, of becoming more independent, of improving their social status and raising their standard of living.

But the perception of the advantages of owning a business may not be quite the same as the reality. A greater income maybe, but how long do you have to wait before it is greater and then what if a recession hits just

after you have opened for business? More independence perhaps, but what about your financial obligations to banks, your creditors and the landlord. A better standard of living! Maybe but what if you have to spend long hours at your business and books and work even longer hours because an employee is away sick at a time when the work must be done. All of your spare time for the family and your recreation is gone. How long will it really be before your long hours at work, your financial worries, your problems with employees, suppliers and customers and your clerical work will fade and your dreams come true!

Notwithstanding, many start-up businesses may be successful so that the sacrifices, the hard work, are justified in the end result and there is the personal satisfaction and pride in having created the business and attained a standard of living that otherwise would not otherwise been possible which to the entrepreneurs justifies the faith they have had in themselves and in the concept itself.

On the other hand, many businesses have failed, for a thousand reasons and or contributory factors. However, from my examination of many failed businesses, it appears that it appears that the dominant causes are:

- setting up businesses without sufficient background knowledge and particular capital;
- poor management skills particularly in relation to finance, uncontrolled growth and personal relationships;
- a lack of an awareness of the signs of looming business distress and
- the availability of restructuring and the rehabilitation mechanisms available to put the distressed business back on track