

# 5 Biggest Challenges Facing Your Business

To overcome them you have to know them.

## 1. Client Dependence

If a single client makes up more than half of your income, you are more independent contractor than a business owner. Diversifying your client base is vital to growing a business, but it can be difficult, especially when the client in question pays well and is on time. Having a client willing to pay on time for a product or service is a godsend for many small businesses.

Unfortunately, this can result in a longer-term handicap because, even if you have employees and so on, you may still be acting as a subcontractor for a more significant business. This arrangement allows the client to avoid the risks of adding payroll in an area where the work may dry up at any time, and all of that risk is transferred from the larger company to you and your employees. This arrangement can work if your main client has a consistent need for your product or service.

## 2. Money Management

Having enough cash to cover the bills is a must for any business, but it is also necessary for every individual. Whether your business or your life, one will likely emerge as a capital drain that puts pressure on the other. To avoid this problem, small business owners must either be heavily capitalized or pick up extra income to shore up cash reserves when needed. This is why many small businesses start with the founders working a job and building a business simultaneously. While this split focus can make it challenging to grow a business, running out of cash makes growing a business impossible.

Money management becomes even more important when cash is flowing into the business. Although handling business accounting and taxes may be within the capabilities of most business owners, professional help is usually a good idea. The complexity of a company's books increases with each client and employee, so getting an assistant on the bookkeeping can prevent it from becoming a reason not to expand.

## 3. Fatigue

The hours, the work, and the constant pressure to perform wear on even the most passionate individuals. Many business owners—even successful ones—get stuck working much longer hours than their employees.<sup>1</sup> Moreover, they fear their business will stall in their absence, so they avoid taking any time away from work to recharge.

Fatigue can lead to rash decisions about the business, including the desire to abandon it altogether. Finding a pace that keeps the business humming without grinding down the owner is a challenge that comes early (and often) in the evolution of a small business.

## 4. Founder Dependence

If you get hit by a car, is your business still producing income the next day? A business that can't operate without its founder is a business with a deadline. Many businesses suffer from founder dependence, and it is often caused by the founder being unable to let go of certain decisions and responsibilities as the business grows.

In theory, meeting this challenge is easy—a business owner merely has to give over more control to employees or partners. In practice, however, this is a significant stumbling block for founders because it usually involves compromising (at least initially) on the quality of work being done until the person doing the work learns the ropes.

## **5. Balancing Quality and Growth**

Even when a business is not founder-dependent, there comes a time when the issues from growth seem to match or even outweigh the benefits. Whether a service or a product, at some point, a business must sacrifice to scale up. This may mean not being able to personally manage every client relationship or not inspecting every widget.

Unfortunately, it is usually that level of personal engagement and attention to detail that makes a business successful. Therefore, many small business owners find themselves tied to these habits to the detriment of their development. There is a large middle ground between shoddy work and an unhealthy obsession with quality; it is up to the business owner to navigate its processes toward a compromise that allows growth without hurting the brand.

## **The Bottom Line**

The problems faced by small businesses are considerable, and one of the worst things a would-be owner can do is go into business without considering the challenges ahead. We've looked at ways to help make these challenges more accessible, but there is no avoiding them.

On the other hand, a competitive drive is often one of the reasons people start their own business, and every challenge represents another opportunity to compete.

Is your company's challenge on this list? If not, what is it and how can your team help you?

