

- ◇ A sense of **hopelessness** and being overwhelmed that can lead to persistent **depression**;
- ◇ **Apathy or disinterest** – for example, being permissive with employees who ought to receive disciplinary action;
- ◇ **Procrastination** or lack of follow-through in fulfilling responsibilities;
- ◇ Boredom – “**falling out of love**” with the business;
- ◇ **Negativity** or being unduly critical of others in the business;
- ◇ **Hypersensitivity** to criticism or feedback, “flying off the handle” inappropriately;
- ◇ **Absenteeism or tardiness**, such as taking excessive time off or habitually being late for appointments;
- ◇ **Lack of focus** on one’s own work which, oddly, often leads to micromanaging others;
- ◇ **Fatigue** – as one client put it: “I just don’t have the energy to try anymore.”

1. Manpower

Includes employees (and subcontractors).

Manpower pains typically include:

- ◇ Weak recruiting programs, including search, assessment and selection;
- ◇ Excessive turnover;
- ◇ Disengaged employees;
- ◇ Poor performance and/or productivity;
- ◇ Inadequate retention strategies, including compensation, benefits and recognition;
- ◇ Disputes and conflicts among staff;
- ◇ Insufficient employee assessment and performance management;
- ◇ Failure to terminate unproductive or “problem” employees, including family members;
- ◇ Ineffective training and staff development;
- ◇ Prohibitive contract conditions;
- ◇ Non-existent or ambiguous personnel policies.

2. Management Team

Management team pains involve organizational structure, ownership, middle management and leadership style. These challenges frequently lead to additional problems, such as:

- ◇ Communications deficiencies;
- ◇ Office politics;
- ◇ Poor or emotion-based decision making;
- ◇ Lack of unity;
- ◇ Unclear duties and responsibilities;
- ◇ No common vision or purpose.

3. Money

- ◇ Inadequate capitalization;
- ◇ Insufficient and/or poorly structured financing;
- ◇ Slow accounts receivable collections;
- ◇ Too many bad debts;
- ◇ Inconsistent profitability;
- ◇ Excessive, or conversely inadequate, use of leasing for fixed assets;
- ◇ Unnecessary use of cash for fixed assets, R&D and other long-term expenditures;
- ◇ Minimal or no financial reporting and analysis;
- ◇ Lack of knowledge about breakeven points, including impact on pricing structure;
- ◇ Poor internal and cost controls;
- ◇ Weak budgeting processes;
- ◇ Lack of knowledge regarding expenses such as labor, material, direct and overhead costs;
- ◇ Uncertainty regarding company value.

4. Marketing & Sales

- ◇ Inadequate or ineffective strategic marketing plan and processes;
- ◇ Inadequate or ineffective sales team, including staff size, competency and training;
- ◇ Unproductive sales process, including prospecting, presenting, closing and compensation;
- ◇ Weak pricing model and competitiveness;
- ◇ Poor customer service, including order processing, delivery and product/service quality;
- ◇ Ineffective distribution channels;
- ◇ No compelling Unique Selling Proposition (USP);
- ◇ Poor product positioning and/or company image.

5. Machines and Systems Pains

Machine Pain

- ◆◆ Poor equipment quality or maintenance
- ◆◆ Insufficient or excess capacity and utilization of facilities and equipment
- ◆◆ Inadequate operator training
- ◆◆ Plant layout/space planning
- ◆◆ Computer problems/deficiencies
- ◆◆ Failure to patent or register trademarks or failure to enforce infringements
- ◆◆ Lack of office automation/low technology
- ◆◆ Facility location

System Pains

- ◆◆ Overly complex procedures and operations
- ◆◆ Need for process improvement, including sequencing and documentation
- ◆◆ Warehousing and inventory issues
- ◆◆ Poor quality control
- ◆◆ Unclear goals and objectives
- ◆◆ Too many external (or internal) advisors or advisors who give contradictory advice
- ◆◆ Unproductive and inefficient meetings
- ◆◆ Lack of strategic and/or operating plans

Family

With 9 out of 10 small businesses being **family** businesses, the reality is that many SBOs must deal with an **additional level of complexity**.

29.3 million small business ---- 26 million are family-owned.

2 out of 3 don't make it past the 2nd generation

6 out of 7 don't make it past the 3rd generation.

Family challenges can include (among many others):

- ◇ **Personal** issues that negatively impact the business;
- ◇ **Business** issues that negatively impact personal relationships;
- ◇ **Hiring** or continuing to employ family members who are **not qualified** to perform in a particular role;

Timing

..... involves the speed, duration and frequency of activities or events.

- ◇ **Consistently taking action too early;**
- ◇ **Consistently waiting too long to take action;**
- ◇ **Growth that is too rapid or too slow;**
- ◇ **Not knowing when to “cut loose” and move on;**
- ◇ **Not adapting quickly enough to technology, competitive or regulatory changes.**