

How to Avoid Business Failure

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*The following excerpt is from Scott Duffy's book Breakthrough. Buy it now from Amazon | Barnes & Noble | Apple Books | IndieBound or click here to buy it directly from us and **SAVE 60%** on this book when you use code **LEAD2021** through **4/10/21**.*

Jack Welch, the legendary former CEO of General Electric, once offered a sound piece of advice to aspiring entrepreneurs. After he spoke at the Entrepreneurs' Organization, the largest global network of its kind, somebody asked Welch what his number-one piece of advice to an entrepreneur would be.

Jack's response? "Panic faster."

Entrepreneurs are, by their very nature, positive, confident, and sure of their business. These are great qualities to have when promoting your venture, but when things don't happen as planned and the business begins to go sideways, those same traits can work against you.

Entrepreneurs can get so busy reading their own press that they don't see what's really happening around them and may not react to danger signs soon enough.

Out of fear of the unknown, entrepreneurs sometimes freeze or pretend things aren't happening. They put off the inevitable, not wanting to make hard decisions like letting people go or cutting expenditures. Their emotions interfere, and the result is inaction.

Then, before they know it, they're out of business and have lost everything.

So, here's some advice on how to avoid that worst-case scenario. These are some basics that can make the difference between success or failure. If you know how to deal with adversity, it won't stand in the way of your next big breakthrough.

Panic Faster

Like Jack Welch said, you can't stand around hoping for conditions to improve. When things start to go wrong in your business, drop everything and identify where your problems lie. Spend 20 percent of your time on the problem and 80 percent on the solution.

Control the Dialogue

It's important, especially in small, early-stage environments, to control the message. By the time you start panicking, odds are, the rest of your team is doing the same. Remember, in their day-to-day responsibilities, your staff may be closer than you are to market conditions, sales trends, and financial matters, and may know what's going on before you do and be more willing to believe it than you are.

When problems occur, you need to get out in front of your people. Your team will be wondering three things: *What's going on? How does this affect me? Will I lose my job?* You can answer those questions, but it's just as important that you redirect their focus in a constructive direction. You need to challenge them to learn something from this experience to help turn things around, and take advantage of this situation to capture more market share.

Get Everyone's Input

You have a smart team in place. Leverage that talent to help diagnose problems. Often employees have already identified the problem and come up with a solution before you're even aware of it, but they're just not encouraged or motivated to speak up. Team problem solving should be part of your culture. Get everyone involved, and encourage them to take ownership.

Leverage Your Network

Whether it's formal or informal, you should have a board of directors, a group of mentors, a team of experienced advisors, and perhaps investors. You've consulted with them and asked their advice over the years because they're good at what they do. They know young companies run into challenges. Don't think you're losing face by asking for advice in a difficult time. Don't be embarrassed or afraid to admit failings. They've been there before, and are here to help.

Experienced entrepreneurs are typically eager to lend a hand to a fellow business owner who sincerely asks for it. One of the most important lessons I've learned is the people who are the most successful are usually the most accessible. They're also part of a community of other successful people who'll help each other out when necessary.

Get in Front of Your Customers

At times, you'll be far more effective getting out of the office and into the market. Get on a plane and go see your customers. Learn about their business and the changes they're facing. Perhaps they have a new need you can meet that's a pivot from your existing product or service. Even just making your presence felt will assure your customers that you're committed to their wants and needs.

Be Transparent

If your business is having problems (and even if it isn't), it's important to be transparent with your customers. You want to control the dialogue about any problems with your business, rather than let someone else, like a competitor, define those difficulties for you. By being upfront, you'll create trust. You may even find your customer can help you design a solution.

Cut Fast and Cut Deep

If you're really in trouble, either with your financials or by not having the right people on board in a crisis, it may come down to trimming your team. Laying people off is one of the hardest jobs an entrepreneur has. You may not only feel you've failed in managing your business, but also that you've failed in providing for your employees. But you can't let that paralyze you. You have a deeper responsibility to your partners, investors, family, and the rest of your employees. Sometimes you need to cut off the limb to save the patient.

When you see that layoffs are inevitable, don't delay. Furthermore, never make these cuts incremental. Small cuts will kill your business because everyone will waste their time looking over their shoulders wondering if the ax will fall on them next, instead of focusing on their work. When you have to cut, do it fast and deep. Later you can reorganize, rebuild, and start hiring again under better circumstances.

Keep Your Eyes on the Horizon

It's easy to get bogged down in the trenches, to be so distracted by the bullets flying overhead that you forget to survey the battlefield and take in the big picture. Doing so will help you find the right path to take you out of this tough period.

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