

## FAILURE OVER RATED FOR SMALL BUSINESS

Small retail business can succeed against large chains, and many who would like to start small businesses are misled by figures which quote failure rates as high as 90 per cent within five years.

So state two small business proprietors who have come together to write a book on succeeding in starting or buying a retail business.

Geoffrey Heard is a marketing consultant who works mainly for small business and Gordon Woolf is now a book publisher but who has owned a variety of businesses and worked in retail since he was 15.

Their views, in a new book, "Success in Store", are endorsed by entrepreneur and adventurer Dick Smith, who made his initial fortune from starting with a single retail store. He comments that small retailers can achieve much by making customers feel special; they will then want to come back.

Dick Smith adds that when people have their own money on the line, they'll work harder to protect it and they also do something which very few large companies do: They talk to staff and customers "who will soon tell you what your strengths and weaknesses are".

Geoff Heard says the 90 per cent failure rate within five years is misleading. "Bear in mind this applies to start-up businesses only, not existing businesses which have been taken over," he states and also that the figure really means "businesses not still in business".

He states: No account is taken of people who use start-ups to leverage themselves into regular employment in larger businesses, some who decide to run, say, a small consultant business for a few years before retirement, retirees who do a bit of consulting on the side and then call it a day, and others who start a part-time business just to test the waters and decide it is not going to work as a full time business. There will also be businesses where the successful proprietor may close down after a few years to take a lengthy and well earned break.

Gordon Woolf adds "Starting in business and closing for any reason with all your bills paid, all commitments met, and with the satisfaction of having tried what you wanted to try, is not failure."

Where businesses do fail the main reason is lack of competence and experience in running a business and lack of adequate financial backing. But no business can cope with some events: think of the souvenir shop in a building next to the Twin Towers horror. As Geoff says, no amount of competence, experience or financial backing could help there.

They do say that by taking some elementary steps, which they describe, small business can change the odds to being in their favour.

Small stores win on service and availability, and need to constantly push those factors, which some small store owners don't do very well. Independents can also beat the big boys by cross promotion of other similarly minded businesses. Their book details a whole bunch of ways this can be done. And other advantages over the big boys are the speed with which decisions can be made, and that the customer deals with the people who make the decisions.

Gordon also says that small business owners should not forget that big businesses make even bigger mistakes. The boss of one of this country's biggest retail chains, who grew up in retail never stops reminding others that most of the big chains are now run by people who have no experience of retail. As he says, there's no way they'd know "just which pink is going to be next season's fashion pink".

On the other hand, you wouldn't be surprised to find him actually serving customers in one of their several hundred stores -- here or in Singapore or in London or

Europe. Maybe the local stores won't beat him, but they stand a good chance of beating all the others. And one or two of those small stores may become the next chain.

That retailer, Gerry Harvey has been quoted as saying "People have traditionally said to their kids 'don't go and work in a shop, you're going to be a doctor or a dentist or a lawyer or an artist... just don't go work in a shop'." His response is: "you're wrong, you should work in a shop because there is more opportunity there."

And a final warning from Dick Smith in the book: A business doesn't grow from borrowing money. It grows through obtaining the things people want to buy at a price which gives them good value, and give you a profit. Then you plough that profit back into new stock and promoting what you have. "Only when you are making a consistent profit can you think of getting that expensive car -- or helicopter!"

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Success in Store: How to Start or Buy a Retail Business, Enjoy Running It and Make Money -- by Geoffrey Heard and Gordon Woolf  
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