

Tip # 10: You are not a business failure or alone.

By Kim Fineman

Being a small business owner can be one of the most rewarding career choices out there. Largely for that reason, small business owners are in good company. Small businesses (defined as businesses with fewer than 500 employees) account for 99.7% of all businesses in the U.S.

However, owning a small business is also challenging. About half of all new businesses fail within their first five years and two-thirds within the first 10 years. The #1 challenge reported by small business owners is lack of capital or cash flow. In fact, cash flow problems are cited as a contributing factor by most shuttered businesses—over 80% of the time by most reports.

So, what do all these statistics tell us? There are a lot of struggling small businesses out there! It isn't unique to any particular sector and isn't because of some inherent flaw in the impacted business. It is the result of the demanding entrepreneurial framework that traditionally operates on very thin margins. Small businesses are, by their inherent nature, far more susceptible to disruption than big business. If you are a small business owner and feel that financial pressure, even if just from time-to-time, you are not alone. This reality is a big part of the reason there is a federal Small Business Administration—the unique challenges are readily acknowledged.

If you've been following our 10 Tips for Small Businesses: Bankruptcy and Restructuring series, you hopefully also know that you have a lot of options when you start to feel overwhelmed financially. Maybe all your business needs is an adjustment to a key lease or loan to make all the difference and allow you to adapt to your changing business needs. Or, perhaps, you want to close this venture and move on to something else (statistics show you are actually more likely to succeed in a business venture if you've had a prior unsuccessful venture). Knowing your workout or exit options can help you more successfully navigate these common challenges. The role of a Bankruptcy and Restructuring Attorney is to analyze your unique situation and guide you through those options.

Bankruptcy and Restructuring is one of the areas in which the attorneys of Nuti Hart LLP have focused our practice to help our business clients. Our goal in this 10 Tips series was to explore common challenges and provide tips we wish our clients had known before they came to us. We hope these short posts have taken some of the mystery out of the process and provided a starting point for revitalizing your business.

HOW ARE SMALL BUSINESSES FINANCED?

- 64.4% - Personal or Family Savings
- 16.5% - Bank Loan
- 9.1% - Personal Credit Cards
- 8.7% - Other Personal Family Assets

From SBA, Office of Advocacy, FAQs,
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