

## Small's not so beautiful

Many small businesses are trapped in a microbubble, writes Tony Kaye | *November 30, 2007*

**AUSTRALIAN small business, in many respects, is recognised as the backbone of the economy. According to government statistics, there are more than 1.88 million small businesses, employing 3.6 million people. Their combined capitalised worth is \$4.3 trillion – more than four times that of the Australian Securities Exchange.**

Yet the statistics mask the reality that most small businesses are very small, with many being home-based, and most of these micro-businesses never manage move to the next level, if they survive beyond the first few years.

"Running a business is a challenge: it's an emotional, financial and mental merry-go-round and it has become even harder with red tape, tax and professional standards being so much more complex," says Tony Steven, chief executive of the Council of Small Business of Australia. "However, the basics remain the same."

Getting back to the basics of business is one of the key themes explored by business coach Dr Greg Chapman, in a book he has just released, ***The Five Pillars of Guaranteed Business Success***.

Chapman, who is also a Telstra Business Awards judge, says a high percentage of businesses stay small because their owners lack the vision, passion and skills to take them ahead. "What happens to most small businesses is nothing. They just stay small," he says. "Up to 98 per cent of small businesses are effectively 'micro-stayers', trapped inside a microbubble with little prospect of escaping, because they don't know how to grow."

Chapman says there are basically five reasons why micro-businesses don't move to the next level, with a lack of vision by the owner as to where the business is going to be in the future being top of the list.

"Without any direction, you really don't have any strategy, and strategy is the lever that lifts you from where you are today to where you want to be in the future," he says.

A second key reason is a lack of passion in their business, with many owners not having the commitment to take their business to a higher level. "You need the right vision to give you the passion, the commitment to stay the course and overcome the obstacles that do appear," Chapman says.

He says another reason why businesses stay small is that they don't plan, and therefore don't have the confidence to take the risks they need to take to achieve better results.

"It's not enough to have a vision and a passion; you actually need a plan to take you there. It's the roadmap; without a plan, all you really have is a dream, and we know how often they come true."

Chapman says the fourth reason why businesses stay small is that business owners don't value their time and are often working in their business rather than on their business, by performing tasks that can be delegated or outsourced.

Lastly, Chapman says business owners who fail to invest in education are also greatly limiting their growth potential. "When you value your time, you will also understand the value of knowledge," he says. "If an owner is not willing to invest in their own education and sees that as a cost instead, they have just resigned themselves to the school of hard knocks."

If business owners don't address these key factors, Chapman says, "they will be unable to grow beyond a certain level. The owner becomes frustrated and ultimately resigned to being a micro-stayer."

He says owners need to be open and honest that they are caught in a trap. "It's as if you've got a medical problem; you've got to diagnose the problem before you can do anything about it. Business owners have to be committed to really addressing their problems and doing something about it".