

Let's Burn The Ships We Sail On Shall We

Why is it that likely the most significant and underlying part of any economic system worldwide, being the elbow grease* and stimulus of 'small-scale business enterprise', is handled so unbelievably poorly.

Monthly, according to every Government Statistics I've ever dug out, a high percentage of the thousands of new small business start-ups go to the wall within twelve months of beginning. Close up shop. Fail. Gone.

The failure rate is circa 90% annually that fail in the first year alone, yet with a value to every economy of around 75% of GDP, I can only believe small business needs a whole new deal. All entrepreneurs need a break.

Being of such value and importance to an economy, anyone with a brain just has to agree that to lose the enthusiastic and devoted input of new entrepreneurs working vast hours for mere cents, is little short of glaringly stupid...particularly when the remedy is a good deal more feasible than any costs to implement.

As things stand currently, for a whole variety of fairly predictable reasons (yes, predictable), new start-ups run themselves into financial troubles, so a liquidator is rapidly dispatched to 'dispose' of them quickly in order to get their own grubby hands on as many assets as they can see, find or dig out from under the owners recent custody. A bit like leeches I always felt.

Worse is that these sharks proceed to consume anything and everything that isn't tied down (mortgaged, secured or encumbered), even if it doesn't actually belong to the business in trouble. Voraciously greedy, but all condoned by our Governments and enforced by our Courts.

So the fat get fatter. But what of the enthusiastic and dedicated entrepreneur at this point? Where did they end up?

According to Sharon McLoone in an official report called the GEM Report featured in the Washington Post on 18th Nov 08, these failing individuals are mostly 18 to 25 years old and begin their run at self-employment using personal borrowings, savings, mortgages and family and friends monies.

Basically they tip their life into self employment and gamble the lot. But hang on one second. Why did their money and assets all go west anyway? How did some shark gain the right to tear into the flesh? Where did he gain a right to take around \$1000/hour that belongs to others?

Well I have to tell you then. The Law, as anyone in business will tell you, is an ass! Not only does the law decide the entrepreneur must be skinned alive but on top of that they must be publicly flogged in court for being a miserable failure, their credit rating be

ruined along with their good name. They are thrown out of their little house along with their spouse and kids and disgraced in the community. Better grab their car too. Then give all the money to the fat blokes so it can be spent on overseas trips.

That will teach them for trying to be self sufficient, for being positive and motivated. We hate entrepreneurs because we don't have their drive. Let's sink the ships that we sail on because we are only free passengers.

Do we hear of Bank-managers being made bankrupt? Stockbrokers? Employment Ministers? Criminals? Liquidators? No, we reserve this peculiar strip-down punishment for those with initiative and balls.

Back to Ms McLoone and the official Gem Report. This report, developed by around 20 Governments worldwide, states that 2009 is going to produce a huge upswing in folks heading for self-employment.

New starts will increase by an average 1000 per month/country. The age group also has an older addition, being many from the middle-income, late 30's+ group as their securities fall away, jobs vanish, investments are crushed.

This age group though has more experience and generally more capital...which my experience tells me will create even more food for the sharks (there are often great advantages to starting lean), but the same rules will apply. If they stumble they could lose it all.

I've dwelt on this conundrum over many years. Why do many fail so quickly (but less as time goes by) and why do sharks get to the money?

Happily I have the answer to both these questions; To keep the shark away is simply structure and to reduce the failure rate is simply our ignorance and not that of the new entrepreneur, and I'll tell you why.

I'm sure you've heard an expert tell you at some stage that he/she "has all the answers". My definition of an expert? They are so knowledgeable in their subject they not only know all the answers, they understand that the non-experts haven't yet thought of the next question.

If a so-called expert can't presume and supply the answer to something they logically recognize will shortly come to light, they are no expert.

A real expert will presume and answer the questions ahead of any impact.

My answer to going belly up too fast? Structure your affairs with a shark-fence and find a great mentor. The first one you keep your assets and the second one you learn to utilize those assets.

My personal opinion of common sense? Governments need to understand that

entrepreneurs are our future. They need help, assistance, a medal for trying, training courses (not 1st on accounting and tax but on working a business), free professional mentors, systems to guide the next benchmark needed, compulsory courses to watch over newbies until the kick off. A business-operator licence. Then the world can watch out.

Let's stop burning these ships that we all so desperately need right now.

Small business is recognised world-wide as the cure for any recession and if a simple driving instructor can steer a car away from a collision, a mentored training course would do the same for entrepreneurs.

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