



WHERE FAILURE CAN BE AN ASSET

Businesses continue to be incorporated despite the real risk of failure which begs the question - why?

Savvy entrepreneurs know that running a business that eventually fails can actually help their career prospects. Even failed businesses yield future networking opportunities with venture capitalists and relationships with other entrepreneurs whose businesses are succeeding. It is a well known fact that boards of successful companies often seek out the founders and chief executives of failed companies because they value experience over a clean slate. Individual failures within a company can also be an asset in that they can prevent the whole system from failing. The more that you can embrace all the little failures you have, and treat them as ways of improving the system, the less likely that the entire system will collapse.

DIFFERENT PERSPECTIVE

It should be pointed out that the failure of an enterprise, product, or initiative and the personal failure of an individual executive are two very different things. Whilst the former is a learning experience that can lead to future opportunities, the latter can damn a career.

A personal failure could be defined as one in which an individual does something that violates a fiduciary duty, commits a crime, or acts in a way that goes against the normal tenets of morality and fair play. If a company is doing well and a founder gets greedy and takes more than his fair share, people sort of forgive him but when a company is going down and you protect your own interests it is always at the cost of someone else. People really never forgive that.

THE COST-CUTTING DISCIPLINE

Cost cutting, cost reduction, consolidation or cost management represent central planning topics in all competitive markets.

GETTING BEST RETURN

An established company in a maturing market is likely to see the best return from investments in cost cutting, but this has to be balanced with investments that will grow the top line – typically a mixture of selling more to existing clients, finding new clients both locally and internationally and creating new profitable products and services.

PROBLEMS

The temptation is often to look for major, single solutions such as dramatic cuts in personnel. This has surface advantages, but often creates crucial competitive problems. Often companies by attempting to make big changes miss the advantages of applying a continuous cost management discipline.

FINANCIAL DYNAMICS



For further help and advice
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