

Why businesses FAIL

Thomas Edison once famously said, "I have not failed. I've just found 10,000 ways that won't work."

Sometimes, I reflect on my experience opening, and ultimately closing my family entertainment center. Why do some businesses make it while others fail? Is it timing? Location? Lack of experience? Luck?

According to the Bureau of Labor Statistics' Business Employment Dynamics, 66 percent of businesses with employees survive past a second year in business, and only 50 percent of businesses with employees will make it passed five years.

When faced with such discouraging numbers, it's hard to imagine why anyone would want to take such a risk.

There are a lot of reasons to start a business, but knowing why those that came before failed is a good start to surviving past five years.

CASH FLOW

The primary reason why businesses fail is the result of cash flow issues. Problems with cash flow can be sourced to many facets of one's business operations.

When there's a new opportunity in the market, it can be tempting to jump in without listening to customers enough. By not delving deep into customer feedback, a lot of pertinent information can be lost.

If one listens to only a small seg-

Amber shares tips on how aspiring owners can prepare themselves for their foray into the world of FEC ownership.

ment of customers and assumes that all or most of the customers will feel the same way, a disastrous ROI can ensue. I have seen this occur many times with new games or attractions.

It's easy to spend thousands of dollars on the latest games and attractions displayed at trade shows, and assume that customers will enjoy the games as much as the trade show attendees did, but a few months later the purchases prove to be duds.

When I started my business, I underestimated the sheer amount of competition out there. During the planning, I considered other similar businesses as competition, but forget that my competition is actually anything that a family might do with their time and money.

This includes everything from in-home entertainment like streaming movies and gaming systems to other activities such as hiking, camping, local waterways, and outdoor fairs and festivals.

My FEC in Northwest Montana was located near Glacier National Park. In my initial business plan, I considered the 4 million that visited the park each year as potential customers. However, I later found out that the visitors were only customers when bad weather prevented them from going to the park.

When devising a business plan it is critical to look at all local family-friendly draws not as a potential benefit, but instead for what they are in reality--the competition.

BUILDING A TEAM

Once a business plan has been adequately formulated, the competition properly identified, and a value proposition that sets the proposed FEC apart from the competition has been

On the Front Lines



By Amber D. Collier

DIFFERENTIATION AND COMPETITION

There is a delicate balance between re-inventing the wheel and differentiating one's business. Many proven concepts can make money in the right location. However, owners need to find a way to set their FEC apart from the competition.

A question that every owner should ask themselves is: How is my facility different or better from other entertainment options customers have in the area?

In the family entertainment space, there is a lot of competition--more than many would like to admit.

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established, it's time to proceed.

As a business owner, the key is to not only know thy strengths, but also thy weaknesses, and then build a team around those weaknesses. By hiring a staff that can fill-in needed areas and weak spots, an owner will increase the efficiency of their FEC operations and the likelihood of long-term success.

FREEDOM AND MONEY

While the notion that going into business for one's self means less hours is false, there is more freedom, freedom to choose one's hours, which

proves to be a great benefit.

But this benefit can be a double-edged sword. When first starting a new business, countless hours must be put in for little to no pay. However, once established, there'll be a greater amount of freedom with the ability to become a bit more selective with days and time off.

Another ubiquitous reason why people start their own business is money. Not only are there tax benefits that go along with running a business, but there's a sense of control in directly affecting the ability to make money.

And while the first few years may be rough, the high risk, high-reward proposition is an obtainable carrot, not just a motivator. ▲

In addition to developing and owning The Zone Family Fun Center and operating a Boomers! location. Amber has also served on IAAPA's FEC Committee and was the lead on its Laser Tag Task Force Subcommittee. Today, she focuses on U.S. domestic sales for InterCard Inc. Amber can be reached at (acollier@intercardinc.com).

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