

# Top 10 Reasons For Failure



Research shows that **8 out of 10** retail establishments are **out of business within the first 5 years** of operation.

## Why?

Simply because many owners do not structure their business for success. Most failures are due to unrecognized problems, solved by minor adjustments after an internal audit. There are many theories regarding business failures, but all center around 10 crucial areas.

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N Square Technologies Information & Strategy team has researched the industry extensively.

**These are the factors below that believe contribute to the failure of retail stores:**

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### 1 Problems with cash flow

Is your business generating sales but not earning the profit it should? Are you able to track where your inflows and outflows of money are going?

*“ A common problem for most small retailers is the lack of ability to know where their money is going. ”*

A POS system will not be able to solve every problem with cash flow, but it can assist you by measuring your sales and giving you information of sales trends so you can prepare for future busy times and defend against impending slow periods.

## 2 Lack of capital

Businesses are sometimes like people when they ask themselves "Can I afford this?" Therefore we must justify why we purchase things. **For businesses, the decision should always come down to**

**"How is this product going to generate revenue or improve profitability?"**



Funds must be spent wisely, because some assets can easily turn into liabilities. **Today retailers have to decide whether to automate or not.** This is a question that can no longer be avoided because chances are your competition has already chosen a POS solution. **Retailers must consider current needs, but more importantly future needs are essential for an expanding business.** Another factor to consider is that lenders are much friendlier to retailers that have a viable automated system because the statistics for success are much greater when the owner has taken steps to control their business.



## 3 Control of operations



Every business owner struggles to keep on top of all areas of their business. Realistically, this is impossible without a viable system to gather real-time numbers in an easy to read format. If a business owner has the capability to track sales, monitor inventory, calculate balances and all the other important aspects of management on a daily basis, they're obviously not generating enough business.

**"Point-of-Sale technology is most beneficial to owners who want to be in control of their business."**

A POS system will give you the means to analyze your data with up-to-the-minute reports.

Wouldn't you like to know what products sell the best, what times of the day you're selling and who's your best salesperson?

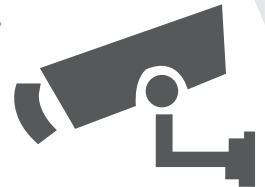
## 4 The wrong employees



Every retailer struggles to find the right help. **The perfect employee should be someone you can trust with your life because they handle your front counter and are the direct connection between your business and your**

**customers.** Which employees are competent to ring-up transactions correctly time after time? How much are the mistakes costing you? It is also important to remember, but difficult to admit, that 7 out of 10 thefts occur by employees themselves.

**The only effective way of monitoring your staff's performance and honesty is through point of sale technology.**



When a cashier is required to log in to the register, it is easy to track down problems. Who would skim money off a monitored till? It could also be that an employee is honest and simply making a correctable error. That's why it's important to locate the source and eliminate any possibilities that might be to the contrary.

## 5 Location



**"Location, location, location is true to a point."**

But many retailers limit this to physical location. **Customers need know how to approach your store and it must be convenient, but what about Internet location?**

Using the Internet, your retail store has the ability to grow from a local Monday through Saturday, 10 to 7, to a worldwide, 24 hour, 365 day per week operation.

<http://www.>



**E-Commerce** may seem like a huge step to many small retailers, but with a small investment into the creation of a website and an E-Commerce POS system, your business could easily open a huge market for your products.