

Are we business healthy?

THE CHAMBER VIEW

by Pamela Tumpap



When there is talk about business-health solutions, people tend to think

of health care coverage for businesses and their employees — a major cost of doing business and key employee benefit. However, it is time we look at the overall health of the businesses themselves, particularly small businesses, and ask, "Are our businesses healthy?"

It is a question we at the Maui Chamber of Commerce are re-examining, especially our role in this area. The chamber is a support system for businesses — advocating on their behalf; providing resources and low-cost solutions; offering training, marketing and networking opportunities; and more. When a chamber member or the business sector faces a challenge, we are there to step up and take appropriate action. If a business indicates a need for support, we find it; however, we neither review the firm's financials nor assess its organizational health, unless requested to do so.

But we are finding some businesses are in trouble and do not even know it. Therefore, the community must come together and take a more proactive stance to sustain businesses. Some are seriously sick. They need a doctor who can assess what ails them, develop diagnoses, and administer appropriate treatment. The chamber certainly has these resources, but businesses that do not know they are sick are not getting checkups.

Over the past several years when our economy was great, "average" businesses were able to do just fine. However, in this economy, those businesses are finding they must do things

they've never done before, even learning truly how to run a business.

Many start a business with a solid understanding of the goods or services they will offer, but have never had any training in how to run a business, conduct market research, develop business strategies, assess financial information, manage teams, etc. They go into a venture, leveraging their home, car, children's college savings, personal savings or retirement — or all of these, essentially buying themselves (and possibly others) a job. Unfortunately, the "technical" know-how about the product or service is only part of the equation. While know-how may have sufficed in a good economy, a number of business owners are struggling with a steep learning curve now, and do not have a solid plan and/or ready reserves to weather a down economy. Companies in this position are facing harsh realities, including the possibility of losing not only their employees and income, but also their homes, cars and savings as well.

Too little business training and aid can lead to the following, which are among the top reasons businesses fail:

- Failure to establish clear goals and lack of planning to achieve the goals. It is imperative that businesses have a business plan and review it regularly. Without a plan, goals and timeline, businesses may not realize they are in trouble. It is time we find out who needs planning help and ask additional questions, including: If you have a plan, are you reviewing it yearly? Are you routinely studying the market? Did you accurately anticipate market trends? Do you know what the competition is doing? Are you adjusting to the economic situation, customer preferences and changes in demand? Are you regularly setting goals?

- Lack of needed business

and management expertise. Without the required knowledge, many business owners take action without thinking it all the way through, which can lead to costly mistakes. We are asking businesses if they are getting needed advice and expertise, and are investing in training.

- Poor budgeting and lack of financial review. We want to ensure businesses are including all expenses in their budgets, reviewing financials at least monthly, looking at cash flow, collecting receivables, and developing strong financial plans and projections.

- Insufficient capital to operate the business. We are hearing about businesses that are "hanging on" versus taking action, waiting for the economy to improve. This can be a serious mistake. We want to move these businesses into creating a solid plan to address losses and move strategically forward.

- Lack of, or poor, cost-control measures. While time is money, taking the time to get price quotes, re-evaluate systems and processes, and eliminate unnecessary expenses can save a lot of money. We continue to encourage businesses to reduce expenses where needed, obtain bids, seek discounts and so on.

The success of a business is truly driven by its owners, and the Maui Chamber of Commerce is here to help business owners be successful. If any of the above rings a bell, call us. We are actively taking the pulse of businesses to better understand their strengths, weaknesses, challenges and opportunities. By examining areas where they need assistance and making the match, we can improve their overall business health, expedite recovery and strengthen our economy.

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