The Biggest Challenges For Small Businesses and How To Face Them



Starting a business is a massive achievement for many entrepreneurs and small-business owners, but the reality is maintaining one is a much bigger challenge.

Regardless of size, there are many standard challenges that all businesses face – from building brand awareness and getting customers to keeping those customers and hiring the right kind of people to help your business grow and scale.

While many large companies grow out of these challenges, there are some that remain strictly for small businesses.

A business plan can help you come up with ways to address some of the most common challenges, but can’t predict the future.

By addressing these key issues in your own business, you’ll be one step ahead of the competition.

Building Brand Awareness

Toyota, Sony, Microsoft, Kleenex, Coca-Cola – they’re all household names… with no need to worry about brand awareness.

Small businesses have to work hard to become well known… and if you spend resources on the wrong initiatives, you're slowing things down.

To fix it, invest in public relations, co-marketing, and blogging. PR isn't all about paying for media coverage – it's about focusing your brand voice and finding your place in the market.

Spending time finding the people who are covering your industry, working with reporters, and building relationships will help you maximize your efforts so you can coordinate your social media and inbound marketing efforts, too.

Co-partner with other brands to inherit some of their brand image and reputation, while also reaching people outside of your current circle.

The new contacts can help you grow in ways you may not have considered before. This can include working with influencers who have already established a brand and audience that's similar to yours.

Put effort into creating high-quality blog content. It will help you establish authority and trust in your industry, while also helping drive traffic to your website and convert it into leads.

Customer Acquisition and Retention

Small businesses are often dependent on their first client as they get things up and running.

The problem comes when a company allows itself to become dependent on a single client.

Having your eggs all in one basket is never good news because you don't know what will happen with that client in the future.

The spray and pray approach may seem like it is the most effective – throw it out there and see what sticks, right?

The truth is, you're far better served by spending time figuring out who to target and targeting a smaller group of people who are most likely to become your customers than you are trying to get your message out to everyone.

The key isn't the volume of people – it's reaching the right people.

To fix this problem, spend time figuring out who your ideal customers are. What do they like to do? Where they are spending their time online?

What are their main pain points? How does your product or service address them? Getting specific can help improve your results – and guide your marketing channels and budget.

If you have a current customer base, use the information you have about them to make adjustments to your personas and marketing efforts.

Your marketing strategy will be unique based on your budget, industry, competition, and more. The more effort you put into getting it right and making adjustments based on real-time results, the better.

Customer acquisition is more expensive than retention because return customers are more likely to continue spending money with your company. They are a wonderful source of word-of-mouth – and can share bad experiences just as they can share the good.

That's why you also need to focus efforts on keeping your current customers happy – with promotions and discounts that are personalized to their shopping patterns and stellar customer service – for example. If you can keep solid retention measures in place as you bring in new customers, you'll grow rapidly.

Hiring the Right Support Staff

Hiring the right people to help your business grow is a big challenge for small businesses because they often lack the resources to compete with larger companies.

The cost of onboarding is an average of more than $4,000 per new employee for most companies and if you don't hire right the first time, you can spend even more money once you factor in turnover.

To combat this, spend some time creating candidate personas for your job candidates just the same way you would create buyer personas for your customers.

Create a different persona for each role that you're hiring for paying attention to the underlying traits that you want them to share for company culture.

Take ownership of attracting the right candidates to your company's brand and making them interested in learning more about you.

This builds a recruiting pipeline that helps to give hiring the same predictability as sales. Then, convert those leads into applicants.

Even after you develop the perfect candidate persona, you may run into issues with money for hiring and paying your new team members. The main way to fix this problem is to help those applicants think as a partner would. Focus on building a sense of getting them to grow with you.

Be creative about the ways you tap into the talents you need and research when employees want. You won't be able to compete with money, but perhaps you can offer a flexible remote working arrangement.

Instead of hiring a full-time employee, consider reaching out to freelancers and independent contractors who work on their own terms on an as-needed basis.

Outsource things that you and your team need the most help with, so you can spend more time on tasks you have the know-how to do well.

LinkedIn is a great source because not only will you be able to find good employees, you can also find quality freelancers there, too.

Money Management

As a business owner, you not only have to have enough money to pay your business's bills, but you must also have enough money to pay your personal expenses, too.

Something from either your business or your personal life is undoubtedly going to drain your capital, thus placing pressure on the other. To avoid this issue, small business owners have to have plenty of capital or be able to pick up extra income to build up cash reserves when needed.

This is why you see so many entrepreneurs burning the candle at both ends –

using income from a regular job to help fund the business until the growth reaches a level where they can quit working for someone else.

Money management is always crucial to business success but becomes vitally important when cash is flowing into and out of the business often.

In the beginning, it may be easy for an entrepreneur to handle all the accounting and bookkeeping tasks, but it's always a good idea to get professional help to make sure you're not missing out on any valuable credits, or risking an audit.

Investing in a procure-to-pay system or PO System For Small Business can help you scale growth.

You'll have a centralized system to keep track of all your vendor relationships, along with requests and orders for anything related to your business.

From there, you'll be able to approve and pay invoices, ensuring you have a good view of where the money is going while also preventing fraud and keeping things as organized as possible.

With automation, you can trust that your accounting and finances are handled properly while you focus on other parts of the business.

> *Without proper financial management, no other problem your business may encounter matters. If the funds to keep the business running aren't available – there's no coming back.*

Balancing Quality with Growth

While business growth can be seen as a good thing, it can backfire. If the growth happens so fast it comes at the expense of quality – in terms of your product or service, customer experience, or customer service, then you'll end up suffering.

If you rush the hiring process and don't properly train your staff, you could end up with a team full of people who are winging it and not living up to the company culture and fulfilling the promise you've made to your customers.

The faster you grow, the more overwhelmed you will become – and this will become evident as your seasoned staff trains your newcomers.

There’s no clear cut answer to how to strike this balance – as it all depends on where you are in your business lifecycle.

Instead of obsessing over all the details, focus on the right details. Rather than worrying about making sure the product is perfect, worry about making sure customer service is in tip-top shape.

You can always make updates to products, and you can learn from what your customers share once they get the products in their hands.

But, failing to get customer service right can stop people from buying from you regardless of how perfect your product is.

Building an Email List

A few years ago, we heard a lot of talk about how email was dead. Email marketing is thriving but requires a lot of work.

To keep your list fresh, you need to strive to constantly add new contacts – to compensate for the ones who will fall off every year.

While it may be tempting to buy an existing list – this is not the thing to do. You’ll harm your IP reputation, which will negatively influence your email deliverability, but you’ll waste the money.

Instead, focus on building your own opt-in list where you’ll have subscribers who voluntarily provided their email address.

One way to do this is to leverage that quality blog content and make it easy for people to subscribe.

You’ll increase your online presence, increase search authority, and create brand evangelists with your content.

To encourage sign-ups, create a lead magnet – a freebie that you can give to people just for signing up for your email list.

If you have an older list you think is mostly decayed, try sending an engaging opt-in email to those old contacts, encouraging them to opt-in again, and promising to remove any contacts wh don’t respond.

Small business owners face no shortage of challenges. From knowing when to take the next step, to when to hire an agency to address their online marketing, to taking out business loans in the hopes of achieving better and faster growth, new businesses start strong, only to end up falling victim to any number of business challenges.

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