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INSIGHT



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## Women can beat business odds

The odds are high a new small business will fail. The small-business failure rate ranges from as high as 85 percent in the first year to 50 percent by year five. However, women business owners can beat those odds.

Business is booming for the entrepreneurial woman. More women than men have started new businesses in the last 20 years, according to Forbes magazine. A recent American Express study found 8.3 million women-owned businesses nationally, and in Greene County, 25 percent of the businesses are owned by women.

Avoiding the following six common missteps could further propel the prepared female entrepreneur into her future as a successful business owner.

### 1. Failing to differentiate success

Society and sources of financing typically base success solely on the financial benefits of a business. Any particular woman might define success differently. She might seek greater flexibility than she would otherwise experience in traditional employment. Recognition by her community or national advocacy groups might be the end goal, or she may want to supplement another income. Each business owner must define success for herself and gauge progress accordingly. The business plan, however, should unequivocally set out her plan to increase financial benefits from the business.

### 2. Letting someone else be in charge

Women business owners statistically seek advice more often, which can be a strong attribute when consulting an investment adviser or colleague. It is less helpful, however, when the woman business owner refuses to make a decision without first consulting multiple others. Leaders make decisions, some of which might not be popular, or even the best, but they are made.

### 3. Waiting to retain support professionals

The ability to add, read and use the Internet does not necessarily translate into an ability to balance books, prepare personal and business income tax returns or address legal issues that inevitably appear. Business owners should ask for and check referrals for support professionals, as well as interview bookkeepers, tax preparers and attorneys.

### 4. Keeping it verbal

Female business owners should have a written contract with explicit material terms for each vendor and supplier. The days of the handshake deal are long gone and hardly existed for women in the first place. Successful women professionals do not rely on the kindness of strangers; they document, document, document.

### 5. Ignoring employer responsibilities

Many women-owned businesses are microbusinesses employing five or fewer people, but even microbusinesses have several people relying on the business to be well-managed. These people frequently are friends or family of the female business owner. A pre-existing relationship does not excuse the lack of clarification of employment status, benefits and responsibilities. A female business owner must understand her obligations as an employer.

### 6. Forgetting a compliance plan

A strong compliance program is a benefit to any size business and might become a requirement as the business grows. Woman business owners are well-advised to maintain written standards of conduct, policies and procedures with specific review and enforcement mechanisms in place. A compliance program, even for a business of one, results in fewer misunderstandings, easier auditing and a strong framework for growth.

Forbes magazine reports women-owned businesses will provide one-third of newly created jobs by 2018. That is a daunting responsibility and exhilarating opportunity for women entrepreneurs. The room for growth in Greene County and nationwide is extraordinary. A female business owner can enter the field prepared by avoiding these six common pitfalls and embracing her successful venture.

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