Success in business is never automatic. It isn’t strictly based on luck—although a little never hurts. It depends primarily on the owner’s foresight and organization. Even then, of course, there are no guarantees.

Starting a small business is always risky, and the chance of success is slim. According to the U.S. Small Business Administration, roughly 50% of small businesses fail within the first five years.

In his book, *Small Business Management*, Michael Ames gives the following reasons for small business failure:

- Lack of experience
- Insufficient capital (money)
- Poor location
- Poor inventory management
- Over-investment in fixed assets
- Poor credit arrangements
- Personal use of business funds
- Unexpected growth

Gustav Berle adds two more reasons in *The Do It Yourself Business Book*:

- Competition
- Low sales

These figures aren’t meant to scare you, but to prepare you for the rocky path ahead. Underestimating the difficulty of starting a business is one of the biggest obstacles entrepreneurs face. However, success can be yours if you are patient, willing to work hard, and take all the necessary steps.

**On the Upside**

It’s true that there are many reasons not to start your own business. But for the right person, the advantages of business ownership far outweigh the risks.

- You will be your own boss.
- Hard work and long hours directly benefit you, rather than increasing profits for someone else.
- Earning and growth potential are far greater.
- A new venture is as exciting as it is risky.
- Running a business provides endless challenge and opportunities for learning.

Taken from [http://www.sba.gov/smallbusinessplanner/plan/getready/SERV_SBPLANNERISENTFORU.html](http://www.sba.gov/smallbusinessplanner/plan/getready/SERV_SBPLANNERISENTFORU.html)