

Open Forum 3

Web Site Transcript

Chapter 10

A = Grace

B = Scott

C = Libby

A: Great coffee, Scott!

B: Well, it should be! If we're going to start our own coffee shop, we'll need to sell good coffee.

C: This is such an exciting project. It's been my dream for years to run a coffee shop and bookstore. And Glen Ridge is the perfect place for it!

A: I agree, Libby. This is going to be a huge success.

B: Well, hold on a minute, Grace. Did you know that only 50% of small businesses stay open for more than 4 years?

C: No! You mean half go out of business?

B: Right. So we only have a 50-50 chance of making this work.

A: Don't be so negative, Scott. We have a great idea—it's got to work!

C: Wait, Grace. Scott, is there anything we should do to avoid being in the 50% of businesses that fail?

B: Yes, there is. I've been reading about the reasons that small businesses go bankrupt. There are 10 main reasons according to this one website, allbusiness.com.

A: Okay, Scott, I'm listening.

B: Number 1: paperwork. Apparently, a lot of small business owners don't keep up with their bills and invoices and other important documents. They just leave them in a pile on their desk.

A: Good point. That's going to be my responsibility, isn't it? I'm going to manage the accounts and the office.

C: Oh, good, because I'm terrible at math!

B: Number 2: competition. You have to watch what other businesses in the area are doing and make sure you don't lose customers to them. Also, you need new ideas to stay ahead of the competition.

C: I have so many ideas about the bookstore side of the business; I don't think we'll ever use them all! And there really isn't another coffee shop or bookstore in town.

A: That's true. But Scott's right—we need to look at the stores in other towns near us, too.

B: Absolutely. Let's do that. On with number 3: poor marketing and advertising. Libby, that's your strength, isn't it?

C: I hope so: I was an advertising major at college! I can do a lot of that, but I think we'll need some professional help, too.

B: Agreed. Reason 4: customer service.

A: Oh, yes! I was in a coffee shop near the university this week, and the staff was so rude. I couldn't believe it. I'll never go there again!

C: We need to hire good employees—that's essential.

B: Employees are reason number 5. So, we can move on to 6: flexibility.

A: What do they mean by that?

B: I think they mean that the owners need to have a lot of different skills. For example, I know about coffee, Libby is the book expert, and you, Grace, are the mathematical genius, but we need to build more skills. We need to learn how to hire good employees. We need to get permits and licenses. We might need to paint the store!

C: I'm getting nervous!

A: Don't be silly, Libby. This is our dream, isn't it? We've talked about it since we were in elementary school! If I need to sing and play the piano, I'll do it!

B: Let's hope not. Okay, number 7—the old saying: location, location, location. I'm confident about that one.

C: Yes, Glen Ridge needs a coffee shop, everyone tells me that.

A: Are you sure the bookstore is a good idea?

C: I've seen so many cute coffee shops and bookstores in other towns. People come in to get a coffee, they browse through the books, and eventually they buy one.

B: I just hope there are enough people in this town who like reading! People here don't have a lot of extra money to spend on books.

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- A: Maybe, but you're forgetting that people pass through Glen Ridge all the time. We have a great location—Glen Ridge is at the intersection of two main roads. Thousands of cars pass our store every month. Some of those people will stop and become customers.
- B: Yes, you're absolutely right. Well, we only have 3 more potential reasons for failure to go. The 8th one is cash flow. Grace?
- A: That means we need to be careful not to spend more money than we have. I've spoken to the local bank about getting a small business loan. That will help, and we're all investing our own money. I'll keep very careful accounts, we'll be fine.
- B: Good. The 9th reason that businesses fail is their owners are closed minded; they won't admit that they're wrong and try a new approach.
- C: That won't be a problem. Grace and I are always happy to admit when you're wrong, Scott!
- B: Very funny.
- A: No, Libby is right. If we watch out for each other's mistakes and always listen to each other, we won't fall into that trap.
- B: True. Well, here's the last one. We need realistic goals.
- C: You mean, we can't expect to be millionaires by New Year?
- A: I don't think so, Libby. We wrote our goals in our business plan, and the local business support group thought they were realistic.
- B: It looks like we aren't going to make the top 10 mistakes. Let's drink a cup of coffee to our new business! Just one more question, what are we going to call it?