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**Learning the hard way:
the lessons of owner-managers who have closed their business**

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Abstract

There is a tendency to associate business 'closure' with business 'failure', confusing owners that close a business with 'unsuccessful' entrepreneurs. This article reports on a study into the experiences of business owners who have left their business. Three stages of research, including interviews and a postal questionnaire, tracked businesses that closed, what the owners did next and what they learned from the experience. The results suggest that some common assumptions need challenging in order to remove the stigma from closing down a business. The financial health of the 387 businesses that closed in the survey varied with nearly half described as 'ailing' financially and 29 percent described as 'thriving'. 70 percent of owners who had closed a business were encouraged by their experiences and still wished to run their own business. Over 60 percent had acted on this by either starting a similar or new business, or continuing with another business of their own. Only 29 percent returned to employment or unemployment and one in 10 retired.

Even if they had not gained financially, many owners still believed they had benefited from their experiences of running a business. They reported that their skills had improved especially in personal development areas. They felt they had learned particularly about managing trust and relationships, marketing, finance, self-management and motivation. When asked if there was one particular experience they would like to avoid, owners particularly cited financial and tax problems, and issues of trust.

The overall conclusion is that the closure process can represent a positive, learning experience. Even owners who have had unsuccessful ventures are motivated and more able to make it work next time because of lessons learned. This provides further support for the concept of the serial entrepreneur.

Introduction

This article focuses on an area of growing interest in small business and entrepreneurship research: the process of business closure and owner-manager exits. Although much has been written on small business formation and growth, less is known about the discontinuation of enterprises. In particular, there is insufficient research into the behaviour and experiences of the entrepreneur in what is considered to be the final stage of a business's life cycle. Little is known about the experiences and attitudes of owners in the closure process: whether they consider the closure as a mark of failure, what they have gained from the experience and what they intend to do next. The aim of this article is to contribute to our understanding of business closure from the perspective of the owner.¹

Business closure and failure

Many businesses close every year - between 350,000 and 400,000 in the UK in recent years, or approximately 10 percent of the total stock of 3.7 million businesses (SBS, 2001). A crucial problem in the literature on business closure and owner-manager experiences was identified over 15 year ago by Scott and Ritchie (1984: 49): "In our examination of the way in which we view failure and the difficulties thrown up by our inability to produce clear definitions, the general tone has followed the cultural norm that failure is a negative event". Thus there are a number of important issues relating to the literature on these discontinued businesses: a) definitions of the terms involved, b) a tendency to associate closure with failure, and c) a focus on the business, rather than the owner, as the unit of analysis.

- a) *Definitions.* There are problems relating to the use of various terms involved in research into business closures. In particular, definitions of business 'closures', 'exits' and 'failures' are confused and often overlapping. 'Closure' can be

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categorised as the inability of the business to survive and thus represents a discontinuance of the business (Keasey and Watson, 1987; Hall, 1995). 'Failure' is generally regarded as the discontinuance of the business due to a lack of adequate financial resources (Everett and Watson, 1998). 'Exit' is used in several senses; it can refer to the exit of the business from trading in a specific market or from producing a particular product (Siegfried and Evans, 1994). It can also refer to the end of an owner's participation in the business, as in the search for 'exit routes' by entrepreneurs wishing to sell up or exit from a business.

- b) *'Closure' or 'failure'?* There is an underlying tendency to associate business 'closure' with business 'failure', implicitly assuming that most owners that close down their business have been unsuccessful in some way. The issues relating to definitions cited above partly stem from this confusion. This is exacerbated by an over use of life-cycle concepts, referring to the 'deaths' or 'mortality' of businesses, which also have negative associations. There are clearly a whole range of reasons why businesses close, from a successful sale at one extreme to involuntary liquidation at the other, but some writers still refer to them all as 'failures' (e.g. Bruderl et al., 1992). This is symptomatic of a tendency to stigmatise owners involved in business closure as 'failed entrepreneurs' who, as a result, often find it harder to obtain credit if they re-open another enterprise. For the purposes of this research, a business *closure* was defined as a situation in which a business entity discontinues in its existing form. This could be for positive or negative reasons.
- c) *Unit of analysis.* Most closure research has focused on the business rather than the owner. Previous studies have tended to concentrate on reasons for failure (e.g. Birley and Niktari, 1995), models for predicting failure (e.g. Argenti, 1976; Keasey and Watson, 1987) and turnaround strategies for ailing businesses (e.g. Blackwood and Mowl, 2000). Few studies have considered the fate of the business owner, other than in terms of 'human capital' as an explanatory factor in the demise of the business. One reason for this is that much early research into closures originated in the field of business economics (Everett and Watson, 1998), and was conducted using datasets of

discontinued business entities such as VAT de-registrations and receivership or liquidation records (e.g. Hall and Young, 1991; Nucci, 1999). More recently, research into entrepreneurial behaviour has considered the role of the owner in business closures, but often in search of distinctions related to gender or ethnicity rather than a focus on their experiences and what they did next. For example, Kalleburg and Leicht (1991) and Carter et al. (1997) investigated if small businesses headed by women were more likely to close than those headed by men. However, what happened to the enterprise and the owner-managers as separate processes remains relatively unexplored. The unit of analysis in this paper is the business owner. An owner's *exit* describes the act of departure from business ownership by the business owner. Thus a distinction is made between the business that closed and the owner who exited from it.

Patterns of closure

Studies on business closures tend to report closure rates typically ranging from 3 to 9 per cent of the total business stock per annum (Birley, 1986; Bates and Nucci, 1989; Barclays Bank, 2001). However firms do not close at uniform rates; some patterns have emerged from the statistics in the business economics literature (e.g. Hall, 1995; Nucci, 2000):

- a) Closure rates are highest in the early years after start-up, and decline as businesses age. Younger firms tend to close at a higher rate than older ones.
- b) Smaller firms are more likely to close than larger ones. Micro-firms employing less than 10 people close at a much higher rate than small firms employing up to 50 people, which in turn are more likely to close than medium sized companies.
- c) Some sectors have higher closure rates than others. For example, manufacturing firms are less likely to close than those in construction.

In other words, as a firm becomes larger and older its chances of survival improve. Statistically this has been calculated in one survey as a 1 per cent change in firm size leads to a seven per cent change in the probability of survival, and a one per cent change in age leads to a 13 per cent change in the probability of survival (Evans, 1987). Although these patterns of closure and survival are of interest particularly in guiding

macro-economic policy, they do not inform us of the eventual fates and experiences of owners facing the prospect of closing their businesses.

Reasons for closure

The literature on business discontinuance is dominated by studies of the reasons for closure or failure (e.g. Berryman, 1983) and attempts to build models that can predict failure (e.g. Altman, 1971). The origins of business failure have been categorised by i) business functions and where they originate (internally or externally), ii) whether they are strategic or operational in nature, and iii) whether they are within or outside of the firm's control (Boyle and Desai, 1991). Conversely, three groups of factors affecting the survival, or non-closure of an enterprise have been similarly categorised as i) individual characteristics of the founder ii) attributes and strategies of the business itself and iii) conditions in the business environment.

Accounting and finance issues have often been cited as the core reason for business failure (Altman, 1971; Boyle and Desai, 1991; Cromie, 1991). Altman (1971) developed five equations/ratios as determinants of failure for small business in the USA: working capital, retained earnings, profits and sales expressed as ratios to total assets, and market value as a ratio to debt. These key internal ratios all contribute to a variable classified as 'Z', which indicates a company's propensity to fail. The use of financial ratios was soon questioned for its reliability and several authors sought to identify other ways in which failure could be predicted.

Argenti (1976) argued that the use of financial information to define failure posed several problems because financial ratios were mainly symptoms of business failure and were unable to yield insightful results. He devised a business failure model that utilised several non-financial indicators including: managerial structure, inadequacies of accounting information systems and audit lags, the manipulation of financial statements and gearing. The hypotheses developed by Argenti were tested in an empirical study of 73 failed and 73 surviving independently owned companies in the North of England by Keasey and Watson (1987). They found that use of the Argenti hypotheses only

improved small business failure predictions by a margin as compared with information obtained from financial ratios. However they suggested that other, non-financial variables, could prove to be better predictors for small business failure.

Many researchers have attempted to categorise these variables that are associated with business closures. Berryman's (1983) review of the literature on small business failure and bankruptcy suggested six categories for reasons for failure: accounting, marketing, finance problems, other endogenous factors, exogenous factors and the behaviour of the owner manager. Some studies allowed the owners themselves to identify reasons for failure (e.g. Cromie, 1987). Others asked the opinions of experts; for example Birley and Niktari (1995) identified 10 key failure themes based on the opinions of accountants and bankers.

Thus, the literature on business closure has made great strides to identify the causes for closure and classify these reasons. The more sophisticated research of this genre has tended to present an endogenous-exogenous model (e.g. Watson and Everett, 1996), which then ranks the order of importance of the various factors or classification of factors. Based on these models, policy makers can then address the reasons for failure and target specific weaknesses in small business owners' strategy with the ultimate aim of reducing closure rates. We would argue, however, that, whilst the progress this literature has made in understanding the causes of failure is commendable, it has only begun to develop an understanding of the portfolio of possible reasons for business closure, and the human experiences involved. An over-focus on preventing business closure may be diverting attention from more significant areas of enquiry including the owner-manager learning experiences in the closure of the business which could be of benefit to new business formation.

Entrepreneurial personality and learning

Whilst numerous studies of business closure have divided the causes of small business closure into exogenous and endogenous factors, some have concentrated more exclusively on the role of owner-managers (e.g. Beam and Carey, 1989). If the

motivations of owner-managers are fundamental to understanding the entrepreneurship process, they should also help determine the reasons for, and attitudes towards exit (Littunen, 2000). Distinct schools of thought have emerged in relation to the influence of the entrepreneur on their business. The 'trait model' (Chell, et al., 1991) emphasises distinct characteristics of the entrepreneur, focusing on the factors that led them to start the company and the features of their personality that makes them successful entrepreneurs. The 'contingency model' (Gilad and Levine, 1986) proposes that the environment and the current status of that environment demarcate the characteristics of the entrepreneur, so that it is the interaction between the individual and the environment that leads to the development of personal characteristics. In the process of business closure, the environment is often subject to rapid change. Does this imply that closure offers exceptional opportunities to develop the owner-managers' personal characteristics?

Formal interventions aimed at developing owner-managers through entrepreneurship education may improve the chances of survival of a business. However, evaluations of such programmes cast uncertainties on their effectiveness (Garavan and O'Conneide, 1994). Gibb (1997) considered the impact of traditional training and development on small firms, recognising two types of learning – adaptive learning in order to cope with change and generative learning involving creative thinking. He recognised small business owners' preferences for active learning within their own organisation rather than imposed, traditional types of education. Theories of organisational learning are derived predominately from large firms but a number of authors have recognised the potential of these concepts for entrepreneurial development (e.g. Chaston et al., 1999).

Serial Entrepreneurs

More recently, the literature (and especially the grey literature) relating to business exits has taken a more positive perspective through a focus on 'serial entrepreneurs'. These are individuals who have founded and operated multiple start-up companies. According to Ryan (2000), serial entrepreneurs thrive off the psychological reward of making an impact as opposed to the wealth to be gained from operating successful ventures. These entrepreneurs are risk takers, having built sufficient wealth (relative to their comfort

level); they will invest their money on new ventures that often tend to be vague visions of an unsolved problem. Ryan (2000) further suggests that serial entrepreneurs view failure as an experience, which will make them stronger and bolder to take on new risks.

Some entrepreneurs seem to thrive on the gruelling early stages of starting and building a business, and prefer to hand it over for others to manage whilst they return to the start-up process (Fraone, 1999). Clancey (2000) claims that serial entrepreneurial behaviour is habit forming and that most serial entrepreneurs tend to be intrigued by the possibility of exploring several opportunities simultaneously, more than the financial benefits of operating successful ventures. However the literature on serial entrepreneurs tends to portray them as a rather special breed, the exception rather than the norm in business ownership.

The research reported on here is part of a larger study into the role of entrepreneurs in growing and closing businesses. It seeks to:

- a) Investigate what happens to business owners who close, or exit from a business. What do they do next?
- b) Develop a better understanding of the attitudes and future intentions of business owners who close a business. Is the experience encouraging or discouraging towards new ventures?
- c) Gain insights into what the owners perceive they learned during the completed life cycle of the business. Which experiences do they regard as lessons for the future?

Methodology

The research comprised a three-stage data collection process: interviews with advisors, a postal survey of owner-managers, and telephone or face-to-face interviews with a subset of owner-managers. In setting out the agenda for the quantitative study, 20 preliminary interviews were conducted with bank managers, accountants, solicitors, and small business advisors and consultants in government and charitable organisations. From these

early findings, a theoretical framework for business closures emerged and a postal questionnaire was developed.

One of the greatest barriers to researching closures is finding ex-owner-managers and businesses that have closed. In this research, we developed our own sampling frame that sought to be as representative as possible of the range of business closures and exit types, rather than relying on one source, such as official receivers' data that reflects only a limited number of types of closure. This was derived from as wide a source as possible and comprised HSBC customers including business account closures (66% of respondents), Dun and Bradstreet lists of existing businesses (25%), and closures identified during research on other projects by the SBRC, Kingston University (10%). The postal questionnaire was piloted with business owners who had experience of closing a small business and the final version was posted throughout May and June, 1999 to 2,719 business owners. The overall response rate was 14% with a total of 387 usable responses returned. The low rate overall was primarily caused by the poor response of the Dun and Bradstreet lists (5%) although this was to be expected since it was a more general list of businesses in existence rather than exits exclusively. The HSBC customers within the sample had a higher response rate (36%). The characteristics of the enterprises from the different sources were cross-checked and showed a high degree of conformity. The final question asked the respondents if they were willing to be interviewed and 20 former owners were interviewed to provide greater insights into their past experiences and future plans. The quantitative data arising from the questionnaire was analysed using the Statistical Package for the Social Sciences (SPSS). The resulting qualitative data was analysed using general analytical procedures (Miles and Huberman, 1994) whereby common themes are identified and categorised from the face-to-face interviews.

Results

Financial condition of the business

Owners were asked to appraise the financial situation of the business when it was closed on a five-point scale from ailing (1) to thriving (5). Almost half (48%) of respondents

described their business as ailing, whilst 29% said it was thriving (Figure 1). A quarter (24%) said it was neither ailing nor thriving, implying a no-growth, but relatively stable financial situation. Thus, just over half (53%) of respondents closed a business that was not seen to be in financial decline. Clearly, business closure is not merely about reacting to financial difficulties.

INSERT Figure 1 Financial condition of the businesses at the time of closure

What happened to the business owner after closure?

The economic activities of owners once they had closed a business were quantified as illustrated in Figure 2. A key finding of this research is that a majority (62%) continued as a business owner in some way. Only 29 percent of owners sought non-business ownership employment after closing their business, and some owners retired (9%). Most of those seeking to exit business ownership were successful and became employed; some became unemployed or could not work through illness (7%); others were running their business part-time and so continued with their existing paid job (3%).

However, the findings confirmed the notion of the 'serial entrepreneur' in that the majority of respondents continued as business owners (62%). The preference was to stay with what they already knew. Some already had other business interests and continued with these (20%); others continued the same business in a different form (9%) or started up a similar business (18%). A minority tried something new by starting or buying a different type of business (15%).

INSERT Figure 2 Business owner exits – what they did next (n=367)

Attitudes to the experience of closing a business

The experience of managing a business that eventually closed, was viewed mainly in a positive light. The majority (70%) of respondents claimed that they were encouraged by their experience to continue as a business owner (Figure 3). Only 15% said they were discouraged. This might be expected particularly from those who had described their businesses as thriving when they closed. However, even those who had been in financial difficulties were not put off by their experience. An analysis of those who described

their business as 'ailing' when closed, revealed that 60% still responded that they were encouraged to have their own business in the future, with only 18% stating they were discouraged.

INSERT Figure 3 Attitude of owner to business closure (n=379)

Learning from the experience of business closure

From the above analysis, it seems that the majority of respondents viewed their ownership of a business that closed as a positive learning experience. In order to establish in more detail what it was that they felt they had learned, they were asked to rate their skills in various areas compared to when they started the business. From the literature, a number of internal problems have been identified which contribute to business closure (Cromie, 1991). These can be grouped into the key functional categories of managing operations, marketing, finance, personal development, and managing people (Stokes, 2002). These formed the basis of the skills which owners were asked to rate. The results are shown in Table 1, which indicates that those skills relating to self-management were seen to have improved the most.

INSERT Table 1 Rating of skills categories learned (n=386)

Almost three-quarters of respondents said they had improved their skills in personal management areas (coping with setbacks, self-management, and adapting to change), higher than any other category of skills. Thus it was not the traditional functions such as marketing, finance and managing people that improved most overall, but personal development skills relating to how the business owners managed themselves and coped with their business environment.

Learning from the experience: lessons for the future

Respondents were asked two open questions in order to investigate particular issues that had constituted a learning experience. One question focused on positive experiences that would be useful in the future (Table 2); the second asked about experiences they would

avoid next time round (Table 3). Some patterns emerged by grouping the responses into themes.

INSERT Table 2 Experiences found to be useful (n=306)

In considering useful experiences, the theme of trust and relationships was cited by over a quarter of respondents. Trust was an important issue in a variety of relationships: partners, relatives, friends, banks, accountants, and government were all mentioned in terms of the need to build good, trusting relationships. Some respondents expressed this as a positive factor (e.g. “build a good relationship with your accountant”); others expressed negative feelings (e.g. “never work with relatives and friends”; “beware of loopholes in contracts”).

Marketing issues were mentioned by a quarter of owner-managers. The need to understand the market before starting up was one lesson cited, and watching trends thereafter was another. Finding customers was a common issue including the need to act quickly to replace lost customers. It might be expected that financial management issues would be cited frequently as useful learning experiences, considering that respondents were all owners of businesses that had closed. However, a relatively small number of respondents (16%) cited they had gained from their experience in financial matters such as managing cash flow and understanding how businesses are financed. Financial issues were seen more as experiences to avoid: financial and tax issues were the most common theme in the open question on experiences to avoid in running a business as Table 3 below indicates.

Learning from the experience: what to avoid

Trust and relationship issues again featured frequently as experiences to avoid, often mirroring comments on the previous question on positive learning experiences (Table 2). Other research has indicated that owner-managers frequently perceive marketing as representing promotions and selling only, with negative attitudes towards the cost of these activities (Stokes et al., 1997). This was supported by advice from respondents in

this research to avoid or reduce the costs of advertising and promotions. Although issues arising from the management of people were raised by only 8 percent of respondents, many of them did not employ any or many staff (47% of the sample employed from 0 to 4 people)

INSERT Table 3 Experiences to be avoided (n=296)

Conclusions and discussion

Our review of the literature on small business closure concluded that:

- a) Most of the relevant studies have focused on the factors associated with the relative 'success' or 'failure' of small businesses. There has been a tendency to associate business closure with business failure, or to assume that the majority of closures represent unsuccessful business ventures.
- b) A large number of studies have attempted to build or test models for the identification of business failure and its prevention and cure. Again, this has been driven by an agenda which seems to imply that business closure is negative, rather than part of dynamic economy in the Schumpeterian sense.
- c) There has been a conflation of the closure of the business with the business owner. The preferred unit of analysis has been the business rather than the entrepreneur. This has hampered serious studies of ex-owner managers, particularly from a learning perspective.
- d) Very little research has been conducted into the range of exit rationales and experiences of small business owners. One of the reasons for this is that it is very difficult to identify and contact owners whose businesses are likely to close or have already closed. Thus there are few adequate data sources on which to study business closure, these being dominated by financial or economic sources.

This paper has presented some new data seeking to fill some of the gaps in the literature by focusing on the experiences, attitudes of owner-managers during the business closure process. Nearly 70 percent of owners who had closed a business were encouraged by

their experiences and still wished to run their own business. Even those who described their closed business as 'ailing' were encouraged by the experience - 60 percent still wanted to run their own enterprises. The majority had acted on this inclination by either starting a similar or new business, or continuing with another business of their own. As some owners retired (9 per cent), only 29 percent returned to employment or unemployment. This suggests a broad typology of owners who exit by closing a business as shown in Figure 4.

INSERT Figure 4 Typology of Owner Exits from Business Ownership

Only a minority can be described as truly 'departing' when they exited, as most in fact are soon 'returning' to business ownership. A third category are 'retiring', having found their exit route from ownership. This has considerable implications for business educationalists and policy makers. In summary, a person who has closed a business is a very likely candidate to become involved in a new venture, and should therefore be a prime target for those seeking to advise or support new businesses. Owners, therefore, can be regarded as leaving a business through a 'revolving door', rather than a 'one-way exit'. Many return to start the entrepreneurship process again.

Even if they had not gained financially, owners had still benefited from their experiences of running a business. They reported that their skills had improved particularly in business planning, and building a customer base. However they improved most in disciplines relating to personal development such as self-management and coping with setbacks rather than the traditional functional areas such as marketing and finance. They felt they had learned particularly about managing trust and relationships, personal development, marketing and finance. When asked if there was one particular experience they would like not to repeat, owners cited many problems to avoid including financial issues such as cash flow and tax problems, but again the issue of trust was frequently mentioned.

The message from the study for researchers and policy-makers is clear: distinguish between businesses that close and the owners that close them. Although a business entity may disappear, the owner who created it is likely to re-enter or continue in business ownership. Whilst the notion of serial entrepreneurs is confirmed, they seem more widespread than most commentators imply. Even owner-managers who have had unsuccessful ventures have been shown in our research to be motivated to start another enterprise. In their view, they also appear to be better equipped to make it work next time because of lessons learned. Our thinking on the concept of the small business needs to be broadened and the notion that permanence is positive, whilst short-lived enterprises is a negative phenomenon, needs addressing. This may then form the basis for support agencies to provide appropriately informed advice and products for these owner-managers leaving their business. The research also implies that much of the advice on start-up and business development is targeted at an inappropriate level because of the underlying assumption that owner-managers are doing it for the first time. More support is required for the entrepreneur who is no longer a novice but who nevertheless is starting or developing a relatively new venture.

The concepts of organisational learning in entrepreneurial ventures have emphasised the preferences of entrepreneurs to develop through action learning. The results presented here indicate that the business closure phase can provide valuable experiences to inform the entrepreneur in their next venture. It is suggested that more qualitative research in the form of case studies, would be a way forward to build on these ideas. They may for example build on the work of Rae (2000) who advocates the use of life stories and narrative based research as a means of generating new insights into the entrepreneurship process.

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Figure 1 Financial condition of the businesses at the time of closure

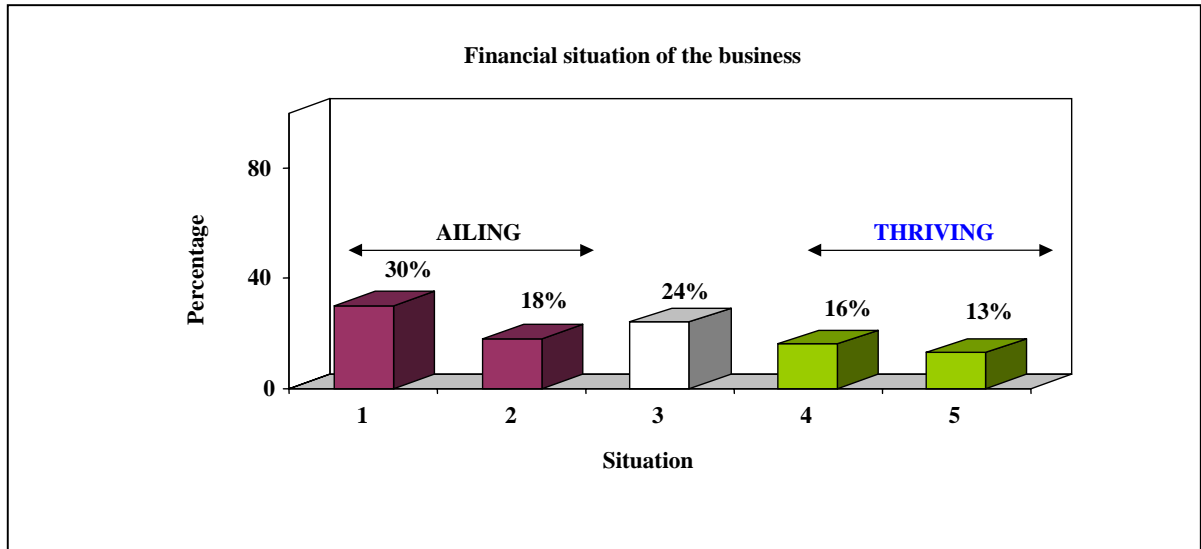


Figure 2 Business owner exits – what they did next (n=367)

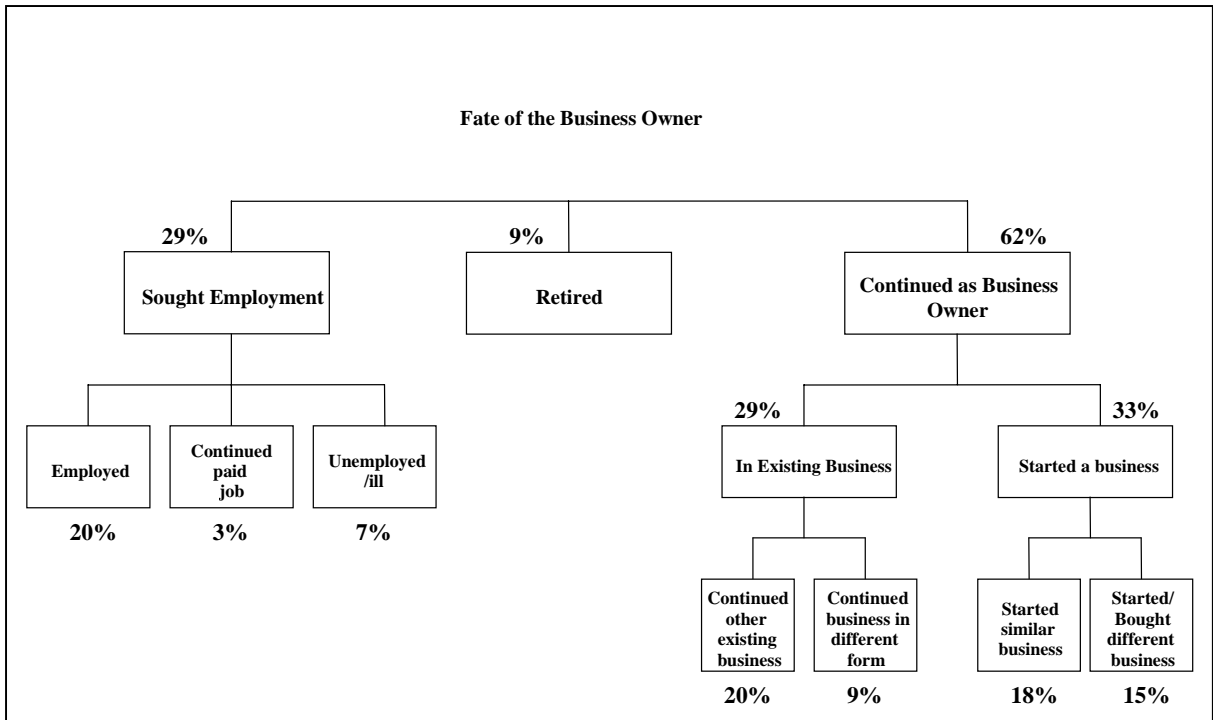


Figure 3 Attitude of owner to business closure (n=379)

Has your experience of managing a business that closed, encouraged or discouraged you to have your own business in the future?

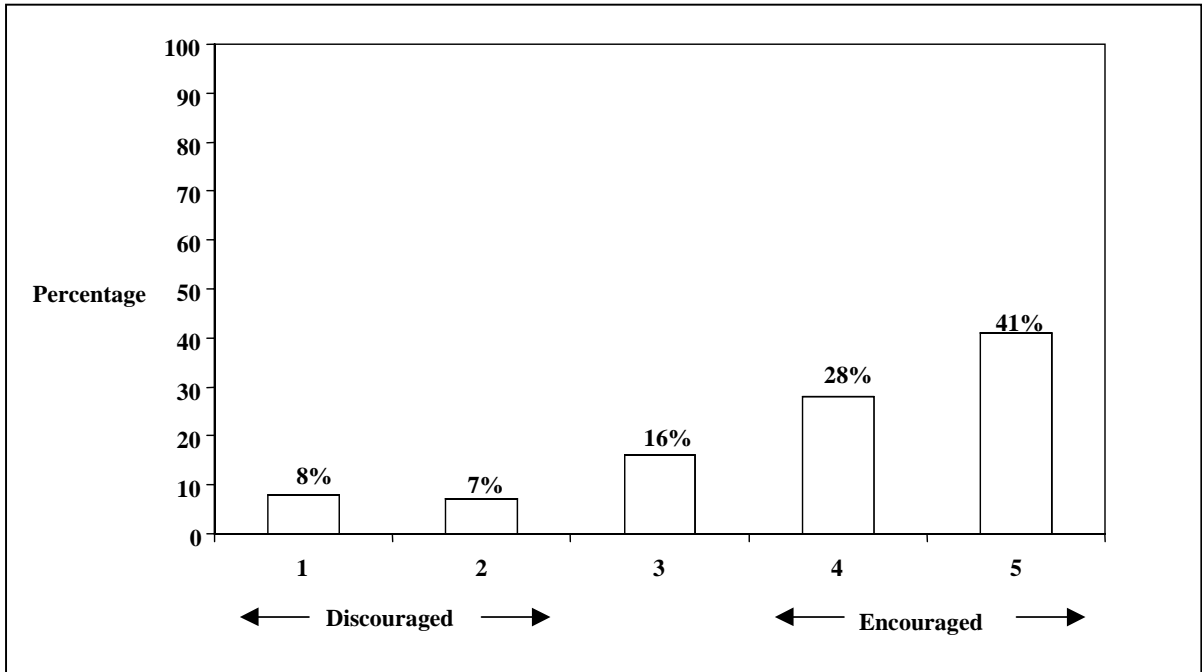


Table 1 Rating of skills categories learned (n=386)

| Skills Category | Percent * |
|------------------------|------------------|
| Personal Development | 70 |
| Operations | 65 |
| Marketing | 62 |
| Managing people | 57 |
| Finance | 55 |

* Percentage of respondents who rated skills category as improved

Table 2 Experiences found to be useful (n=306)

| <i>'Is there one particular experience you feel you have benefited from whilst owning this business that you consider would be useful if you were to become the owner-manager of another business?'</i> | |
|---|-----|
| <p>Trust/ relationship issues</p> <p>E.g. Finding suitable partners/ directors. Finding trustworthy staff. Good relationships with accountants. Never work with relatives/friends Don't trust banks or government</p> | 27% |
| <p>Marketing issues</p> <p>Watch trends/do research before starting business. Good communications and networking. Promotions and advertising. Dealing with the public. Quality of service and products. Finding new customers. If customers lost, actively seek new ones.</p> | 23% |
| <p>Financial management</p> <p>Financial record keeping. Managing debtors and creditors. Managing cashflow and overheads. Understanding how businesses are financed. Preserve capital for future investments</p> | 16% |
| <p>Self-management and motivation</p> <p>Developed self-discipline/ self-motivation. Hard work/long hours. Doing everything yourself. Time management and planning Leadership. Making decisions – don't postpone difficult decisions. Self discipline. Confidence</p> | 14% |
| <p>Other management and business skills</p> <p>People management skills Taxation and company law</p> | 9% |

Table 3 Experiences to be avoided (n=296)

| <i>Is there one particular experience you had whilst owning this business that you would like to avoid if you were to become the owner-manager of another business?</i> | <i>N=286</i> |
|---|--------------|
| Finance/tax issues Problems with banks and borrowing money. Inland revenue Insufficient capital. Insufficient investment in equipment. Cash flow problems. Failure to control finances. Over reliance on overdraft. Too much credit to clients/bad credit management | 26% |
| Trust/ relationship issues Equal partnerships/wrong partners/having partners. Being a minority shareholder Employing relatives/friends. Unsound/unwritten contracts. Trusting people too far | 22% |
| Self management Lack of confidence/overconfidence. Dealing with all aspects. Working long hours. Being ill/worrying | 11% |
| Marketing Lack of selection of customers/taking on low margin work. Conflicts with customers. Competition. Problems with distributors. Difficulties with trading abroad. Cost of advertising and promotions. | 9% |
| Management of people Staff problems. Not managing staff. Lack of delegation. Redundancies Long term contracts. Insufficient staff | 8% |
| General Management Lack of experience. Lack of contingency plans Problems with suppliers | 6% |
| Other Avoid: franchises; renting; bad advice; litigation, theft. | 7% |

Figure 4 Typology of Owner Exits from Business Ownership

| 'Departing' | 'Retiring' | 'Returning' |
|--|---|--|
| 30% | 10% | 60% |
| Returning to employment, becoming unemployed, or out of work through ill health. | Retiring from active involvement having sold or closed their business | Continued as business owner by opening or buying a new or similar business to the one closed or through the existing ownership of another business |