WHAT MAKES A SMALL BUSINESS SUCCESSFUL?

Words

Look for the following words as you read the passage. Match each word with its correct definition.

Words	Definitions
1. afloat	A. adj., first, beginning
2. characteristic	B. n., money earned after paying costs
3. compete	C. n., a piece of advice
4. edge	D. v., to do as well as or better than others
5. financial	E. n., an advantage
6. inevitably	F. n., reason for doing something
7. initial	G. adj., related to money
8. motivation	H. adj., special, different from all others
9. niche	I. adj., having enough money to pay what you owe
10. particular	J. adj., very important, necessary for success
11. personalized[1]	K. adj., specific
12. potential	L. adj., possible
13. product	M. n., a position or place that is very suitable
14. profit	N. n., the general opinion about something or somebody
15. project	O. adj., made or done especially for a certain person
16. reputation	P. adj., healthy, without financial risk
17. sound	Q. n., something that is made
18. tip	R. adv., certainly, to be expected
19. unique	S. n., a feature, quality
20. vital	T. v., to estimate, calculate a future amount

[1]BrE: personalised

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Reading

What Makes a Small Business Successful?

The U.S. Small Business Administration (SBA) defines small businesses as those employing fewer than 500 employees, and many are much smaller than that. In the United States, about a third of small businesses employ fewer than twenty employees. Many thousands of new small businesses are started every year, but few survive. In fact, according to the SBA, one in three fails during the first two years, and only one in two survives beyond five years.

People start small businesses for a variety of reasons, but whatever the particular motivation, certain characteristics make a small business more likely to succeed. Business advisers point to the importance of finding a niche. It is difficult for a small business to compete with the array of products or services a large business can offer. Instead, the small business that has defined what is unique about the product or service it provides has a greater chance of success. A small business can offer customers personalized service and specialized products or knowledge that can be more difficult to find in a large chain store, for example.

Related to the concept of finding a niche is the importance of maintaining a competitive edge. To be successful, a business has to look at what its competitors, whether large or small, are doing and find a way to stay ahead of the game. In addition to offering a specialized product or service, a business that has more efficient production or distribution systems, a better location, or a reputation for excellence in customer service can do well in a competitive market.

Research and planning are vital steps in setting up a small business. It is essential to determine who the potential customers are and the best way to reach them. It is also necessary to develop a sound business plan that, among other things, shows how the business will make a profit and projects the cash flow that will help the business stay afloat.

Naturally, a successful small business starts out with proper financial support. In addition to the costs of starting the business, there are also the costs of running it until it starts turning a profit. Typically, a small business takes one to two years to become profitable. During that time, there are still expenses that have to be met. Rent has to be paid, employees have to be paid their wages, and supplies have to be bought. If plans have not been made for supporting the costs of the business until it brings in a profit, inevitably it will fail.

One important tip is to start small. This allows owners the opportunity to learn little by little without making huge costly mistakes. Working alone in one's basement during the initial phases of the business, for

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example, costs a great deal less than renting a space and hiring staff. If the business generates less income than expected or if the market needs to be redefined, the financial losses will be much less if expenses have been kept to a minimum.

About half of private-sector employees in the United States work for small businesses. This number is even greater in other parts of the world. Successful small businesses make important contributions to the economy everywhere.

Answer the questions about **What Makes a Small Business Successful?**

Questions 1–3

Choose the correct letter, ***A***, ***B***, **C**, *or* ***D***.

1. How many small businesses fail during their initial two years in business?
   - **A** One-half
   - **B** One-third
   - **C** One-fourth
   - **D** One-fifth

2. What kind of edge can a small business have over a large business?
   - **A** Better business advisers
   - **B** A wider array of products
   - **C** Greater motivation to succeed
   - **D** More personalized service

3. How long does it usually take a small business to start earning a profit?
   - **A** Less than one year
   - **B** Between one and two years
   - **C** More than two years
   - **D** At least five years

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Questions 4–7

Complete the summary below.
*Choose **NO MORE THAN ONE WORD** from the text for each answer.*

Vital Steps to Starting a Small Business

- Define what makes your product or service 4 ..... or different from others in your sector.
- Identify your 5 ..... customers.
- Write up a 6 ..... business plan.
- Make sure you have the 7 ..... support to keep the business running until you earn a profit.

My Words

Write the words that are new to you. Look them up in the dictionary and write their definitions.

Words	Definitions

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