

## Business Fallacy # 4

### Lack of Financial Capital Is The Main Reason Why Businesses Fail!

If this is true, then I should have failed in farming when we moved to Bukidnon in 1998, because we did not have enough of this capital. Though we were able to borrow money from Peachy's family to start our piggery, that money was not enough to complete the farm. We had to make do with what we had because we could not borrow from the bank then. This was because we had no collateral to offer and we had no relatives or friends to guarantee a loan. And yet, we were able to grow our farm and make it relatively profitable.

In business, I learned that you need to have the Eight Forms of Capital to succeed. These are (1) Raw Materials, (2) Financial, (3) Intellectual or Knowledge, (4) Experiential, (5) Natural, (6) Spiritual or Values, (7) Social Network and (8) Cultural.

If you look at the list carefully, you will find financial is just a small component of what you need in business. And while you can use money to buy raw materials and acquire knowledge, you cannot use it to buy the rest. Natural capital like CO<sub>2</sub>, oxygen, water, nitrogen, etc. are free, and we need this to live and work. On the other hand, experience, values and social network are capitals you need to develop - over time. So, "time" becomes an essential component of business success as well. It is the ninth capital.

Unfortunately, most people in business feel that time is their enemy. Many would say, "Bilisan mo sayang ang panahon!" While I agree that we should not waste time, there are many things in life that you cannot rush. But to circumvent time, some entrepreneurs would use money to solve the problems they encounter. I believe this is why they say, lack of financial capital is their main problem. But no amount of money can buy experience, values, and friends."

So if you want to succeed in business, make sure you have the eight forms of capital in your hand. If you do not have them yet, then spend time developing them.