



“Business Downturns - External and Internal Signs That Indicate a Downturn”

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An experienced manager or business owner is usually wary of those signs that indicate a downturn in the company. Usually, these signs come in the form of larger economic indicators that begin to go bad long before the bottom line of the business is impacted.

A good example of this is the current economic downturn. A faltering real estate market was a glaring sign to many people that there was trouble brewing. Basically, prices became so inflated, and the criteria for approving loans became so loose that the bottom finally fell out of the real estate market. Too many people defaulted on their property loans. Banks ended up with too much toxic inventory on their books.

This eventually led to a complete and severe economic downturn, the severity of which has not been witnessed probably since the great depression. But there were clear indicators of the downturn, and these indicators were in the larger economy.

Business owners can also look within their business for signs of coming problems. Below are several signs that may indicate trouble is brewing on your business horizon.

Employee Morale

If your employees are suffering from a morale problem, it is a safe bet that you will have some problems in the future. Unhappy workers create lower quality products and services, and this in turn leads to lower revenues when customers get angry and take their business elsewhere, or just fail to buy more products.



A bad boss, or leadership problems can lead to a lower moral in the workers. This in turn eventually leads to employees leaving the company for better opportunities. The quality of a job is not entirely defined by the pay. Some workers would sacrifice some amount of salary before working in an adverse work environment. The reason is simple: being happy is worth a lot more than money to most people.

One way to keep your hand on the pulse of employee morale is to have an evaluation system. Every six months, each employee is evaluated and in turn has the chance to evaluate those in their chain of management.

Another way is to have an anonymous survey or suggestion box. This can help to identify if trouble is developing with employee morale in your company.

Ballooning Debt

Another sign that trouble is brewing is ballooning debt, especially when this debt is short-term. When the overall debt burden increases in a manner that is out of character for the season, it usually means that the business is relying on this debt instead of revenues. Something is wrong with the revenue stream, and many things can be causing this problem.

If you notice a sharp increase in short-term debt, you can usually follow the trail to an evolving problem. This problem could be a loss of customers (due to reduced employee morale or to some other problem), or it could be something else.

In any case, if you see an increase in short-term debt, you can usually find an underlying problem if you investigate further.

To learn more about business downturns and business turnaround, order Andre's books directly from Amazon.com, or get details here:



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ARTICLES

Andre Larabie is a published writer and successful business coach. Get a free excerpt from his book on commercial debt reduction at:

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About The Author

André Larabie, PhD, is distinguished for his expertise in Teaching, Coaching, Business Turnaround and Consulting, Commercial Debt Resolution, Consumer Debt Collection, Mediation and Arbitration. He has owned and operated 2 collection agencies, a Factoring Organization, and a Business/Management Consulting Practice in both the USA and Canada.

Dr. Larabie has authored many college-level publications in Canada, including the following Doctorate Dissertations: “Starting a Factoring/Financing Company,” “The Opening of a Business College,” and “The Psychological Ramifications of Online Education.”