



“Business Failure - Common Warning Signs - Preparing For a Downturn”

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When a business is in trouble, there are usually several signs to indicate a problem is brewing. For the untrained eye, these signs may not be obvious because there are no flashing lights or wailing sirens, and if you are a manager or owner of the business, you may need extra care and attention to recognize them.

Business owners do not go to sleep with a healthy business one day and wake up the next day with a problem business; rather, real trouble can take months, or even years, to fully develop. The process can be so slow that it is like the old boiled frog analogy:

If you drop a frog into hot water he will frantically try to jump out, but if you slowly turn up the heat, he will eventually get boiled without realizing what is happening.

High quality, experienced executives are always on the lookout for signs of trouble, but even some problems get missed until they are looming large.

A fairly good indicator of future trouble is an economic downturn like the one we are experiencing now. If the entire economy is going bad, then it is a good bet that almost every business in that economy will go bad along with it. So if you can see the economy in general deteriorating, you can take action to prepare your business.

When all things are considered, the primary goal when preparing for a downturn would be to raise cash. If times get bad enough, and you run out of cash, you cannot continue to operate. You need cash to make your



payroll, and you need cash to pay your key vendors. If you fail in either of these categories, you will have a difficult time staying in business.

So if you can see an economic downturn coming in the performance of the general economy, you can start to prepare your business by taking actions to free up cash and build a cash reserve. You will likely need this reserve if the downturn is difficult or prolonged.

Here are the basic strategies to raise cash:

- 1) Spend less cash - This means cutting expenses, and there are many ways to do this. Print out a budget and address each topic individually.
- 2) Collect more cash - To collect more cash, consider various methods of restructuring your pricing matrix. Simply put, increase your prices.
- 3) Collect cash faster - Instead of making delivery on services or products and then sending out an invoice, require some amount to be paid upon delivery, or in advance of delivery.
- 4) Pay bills slower - Take your time with those vendors that will allow it.

These are four proven methods of raising cash and preparing for a downturn.

To learn more about business turnarounds and raising cash, you can order Andre's book, *How To Turn Your Failing Business Into A SUCCESS STORY In 120 Days Or Less!* directly from Amazon.com, or get details here:

www.AndreLarabie.com

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.”