



“Finding and Eliminating Unprofitable Business Processes in a Distressed Business”

André Larabie

If your business is distressed and you are undergoing a turnaround process to save it, you will need to identify and streamline nonproductive processes. To accomplish this you will first analyze the products and services of the organization. These will lead you to the unproductive business processes.

If you have ever spent time analyzing an invoice register to identify profitable revenue streams in a product-oriented business, a similar logic can be applied to the service-oriented business. As you identified products that are unprofitable, you will need to identify those services that are unprofitable.

Business Processes

After you have reviewed the various products and services and identified the losers and winners, you will need to look at the individual processes. For this discussion, consider business processes to be the different functions like Customer Service, Information Systems, Purchasing, Accounting, Sales, Human Resources, and so forth.

You will need to look at each of these and determine which of them can be deleted from the business. At first glance, you might think that you cannot live without a sales force, but in these dire times, maybe you can. In any case, those products and services that you identified as losers will lead you to the internal business processes that you need to streamline or remove altogether.

You can almost certainly cut the entire catalog department because the company can live without a catalog for the next few months or until it can be revisited.



You may also consider outsourcing the customer service function or having the technical support department pick up those additional calls by increasing the wait time on the incoming customer service lines.

The information systems department will likely have to stay. But this will give you an idea of the process you will need to undertake. First of all, make a list of all of these processes.

Then, with your turnaround team, go down the list and identify those functions you can delete entirely and those that are core to the business. This process may sound harsh, but your entire business may be at stake so in light of that, it has to be done.