



Downtown Inc

DowntownYorkPa.com

WARNING SIGNS

You know that old saying "You can't see the forest for the trees." Over the last year or few years, it's possible that you have become so accustomed to the status quo that familiarity blinds you to anything that might be amiss. However, you want to be able to see things before the catch you off guard. It is usually just a little fine tuning that you would need.

You bring in your car for regular tune-ups. You have an annual physical exam with a doctor. Why would it be any different for your business? Your business plan and practice should be reviewed and updated regularly.

Because we are so close to our business sometimes it's hard to see a problem developing. We usually only are able to see it once it has reached a critical point. There are a number of warning signs that may be overlooked.

Do any of these situations sound familiar?

- Dealing with technology problems takes time I should be spending on other things
- Standard operating procedure is "Chaos"
- I'm having trouble meeting my debt payments when due
- I've lost key employees with little hope for replacement
- I've had to borrow to meet payroll more than once in the past 6 months
- I'm falling behind on paying providers and suppliers
- We are operating with no clear direction or plan
- We've been trying to grow on an unstable or non-existent foundation
- Systems are outdated and do not support the level of operation we need
- Employees ignore my directive; I can't get staff to change their behavior
- What looked like a soft spot in the market has turned into a chronic situation
- There is discontent, confusion or disagreement among key staff members
- Too much cash is tied up in Accounts Receivable and/or inventory
- Profits are down with no sign of a change in sight
- I've been unable or unwilling to bring a long-standing problem under control

- I've been contemplating drastic actions such as bankruptcy or just locking the doors
- I'm afraid of making the wrong decision so I keep putting off making any decision
- There's no time to conduct business; I spend all my time putting out fires
- Costs continue to climb and we haven't been able to raise prices
- Customers and employees are complaining
- I end up doing the work that others are supposed to do
- Productivity is poor; too much time is wasted on problem resolution and corrections
- We're losing business because we're not properly set up to handle it
- Marketing efforts are not producing results

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 is usually very slow.

Unfortunately, in business, as in life, you cannot always identify impending dangers. This makes it all the more important to prepare yourself for worst case scenarios and to pay attention when alarm bells start to ring.

According to the Small Business Administration, roughly half of all start-ups go out of business within four years, mainly due to inadequate planning, undercapitalization, poor cash-flow management and indebtedness. Although many of these firms could not have been saved, some could have reversed course or bailed out with smaller losses if they had recognized and responded to early warning signs.

Meet with a business counselor regularly to prevent small issues from becoming a larger issue.

Even if everything is going smoothly or even if sales are increasing, come see us to make sure that your company is on track to face the challenges before you.

Entrepreneurial Support Alliance of York

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