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About Chairmen's RoundTable

The Chairmen's RoundTable is a non-profit volunteer organization comprised of current and former CEOs with extensive Board of Director experience and diverse industry backgrounds. They provide businesses in San Diego County with priceless business advice and mentorship, free of charge, as a way of giving back to the community. CRT's well-defined mentoring program is ideal for companies at a strategic crossroads that are looking to gain an outside perspective on key business issues.

QUESTIONS & ANSWERS

Question: How do I know when my business is in trouble?

Answer: There are natural ebbs and flows that occur in business so it's not always clear if you've hit a minor bump in the road or if you need a major course correction. Here is a checklist of seven key signs that indicate you may be in trouble:

- Declining sales
- Reduced market penetration
- Falling margins
- Thin EBIT (earning before income taxes)
- High employee turnover rate
- Increasing customer complaints
- High-level employee defection

If you have checked off one of these key indicators, you need to dig deeper. But before you make any major corrections, make sure you aren't confusing signs of trouble with:

1. Slow growth – sales may be flat or even declining, but if you are profitable and have high employee morale you may not be in trouble, you may just be experiencing slow growth (this is not necessarily a bad thing!)
2. Seasonal variation – if you've been in business for awhile you should already be familiar with any seasonality that may impact your business; however, when entering new markets you may not realize there is an underlying seasonality (due to budgeting periods, holidays, weather, etc.)
3. Product lifecycle issues – your company may not be in trouble, but your product may be having lifecycle issues that need to be addressed and may require shifts in areas such as marketing, distribution and product design.
4. Short-term downturn – it's the "law of 'recent'cy" that often causes a business owner to panic and take aggressive actions (sales are down, lay off employees!). This in and of itself can bring about the damage that you are trying to avoid. Always look at trends and not recent events when evaluating your situation.

The last thing you want to do is try to fix what isn't broken. You also don't want to wait until it's too late to administer CPR. If you find that you need to dig deeper, look for an outside perspective. It may be difficult to see things clearly from the inside because you are too close to the situation. Look to a mentor, a trusted advisor, or other resources that may be available to you (like the Chairmen's RoundTable) to help determine if you truly are in trouble and what your next steps should be.