

## Looking Through Sand

*It is difficult to see the future if your head is firmly buried in the sand.*

Over the years I have been involved with many businesses in economic downturns and crisis situations. I have worked with companies that took advantage of such circumstances by buying lines of business from failed firms. I have been involved with businesses that worked their way through troubled times. In fact, I managed a business that not only saw a 40% decline in year to year sales, but months when sales were down 90%. (Yes, we survived.) And yes, I have worked with business that ultimately failed.

One thing that is very common in the businesses that failed is that the owner “just didn’t see it coming, it happened so fast.” In reality most of them had warning signs and many had bankers, accountants or other advisors who were pointing out those warning signs. Besides suffering from unjustified optimism, the owner simply avoided taking necessary steps early enough. The owner kept his head firmly buried in the sand and refused to look at the often harsh future.

So how do you know if your head is in the sand? Let me give you a few common warning signs. Each business is different so the importance of these signs will differ, but here are some of the keys:

- You haven’t updated your projection of cash flow recently or don’t have one
- You are putting off doing next year’s budget until you have a better picture of sales
- Your budget still includes that order that was cancelled because you are sure something else will come in
- You call the buyer weekly about that order that just hasn’t happened but should “any day”
- You are busier than ever, but “it’s just not happening”

I could keep going on, but I am sure you get the idea. My recommendation is simple. Get out of the activity trap. Making sales calls to the same people over and over who have no budget will not solve the problem.

Take the time to do a complete analysis of your company’s position. Look hard at your strengths, weaknesses, opportunities and risks. Get your team involved. In short, it is time to make that formal business plan or redo last years plan.