

Prescription for Survival: Annual Self-Examination

Prescription for Survival: The Annual Self-Examination

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Dealing with problems within a troubled business often requires actions that usually become obvious only when owners are willing to take the time to conduct an honest evaluation of the company: where it has been, where it is now and where it appears to be going.

Businesses, like individuals, have "life cycles". The success or failure of a business should be judged by the complete life cycle, rather than a particular period during which the business might experience financial difficulties. Too often, owners are unable to deal effectively with a company's problems because their focus is too narrow. They tend to panic, refusing to take the time to review the entire history of the company and examine the circumstances that existed during successful periods. Thus, decisions leading to actions that guide the business in the future are often ill-conceived, short-sighted and inaccurate. These decisions sometimes trigger even more serious conditions that cause a business to fail.

Problem-solving within an operating business requires a willingness to devote time to finding a solution. This simple fact is often overlooked as we deal with the complexity of solving today's problems in a fast-changing, increasingly stressful world. The real challenge of the 1990s will be our ability, first as individuals, then as business problem solvers, to adapt. If this is the challenge for individuals, it also becomes the challenge for businesses in a competitive environment that they may not be equipped to address. For many companies and their managers, there will be few second chances.

In dealing with clients, we frequently find unresolved problems, complicated by circumstances caused by the failure or unwillingness of managers to take the time to analyze their companies on a regular basis. To a large degree, this refusal to accept responsibility accounted in the first place for much of the problem. This corporate soul-searching is nothing other than the willingness of managers to commit to an examination of the health of a company on a regular basis. A prudent person will normally be willing to take the time for an annual physical check-up. These annual exams sometimes uncover potential health problems which, if addressed early enough, enable us to live longer, more productive lives.

Today's businesses, like individuals, have available to them preventive business problem solvers. These professionals are usually specialists in specific industries such as engineering, human resource management, law and accounting. It only remains for the business owner to identify and use these resources. A regular annual analysis or exam of the business, in collaboration with outside professionals,

may uncover problems that may have not even begun to surface. If this is the case, why will so many of today's businesses fail in the 1990s? Simply stated, a prime reason will be the unwillingness of owners to take the time and absorb the expense of an in-depth annual analysis.

These might be the same individuals who suddenly experience heart attacks, develop ulcers or other problems as a result of their refusal to take a look at their habits.

The thriving business, like the human body, is a wonderful machine. Each, however, requires a degree of preventive medicine to enable it to continue to function successfully in the future. The body requires a balance of diet, exercise and rest. The brain demands challenge and interaction with others to remain sharp and effective.

The business also requires a balance of capital, sales and expense management to function properly. Managers need challenge and interaction with their suppliers, customers and competitors to remain sharp and effective. Dealing with the daily challenges of operating a business makes managers become better managers and businesses better businesses. Those daily problems, if left unresolved from day to day, ultimately become larger and more difficult.

If this is the case, where are today's managers in the realm of problem-solving? Unfortunately, we find that some managers don't realize how serious some problems are and sometimes even refuse to admit they exist. They may sense the symptoms, but they fail to take the time to closely address each problem and honestly evaluate the options.

The failure of a business often leads to other complications in life and certainly to more difficulty in launching a business again. It is far easier to devote sufficient time to the proper management of a first-time business than to learn how to solve problems through the continued unsuccessful operation of a number of businesses. Like the life cycle, the business cycle faces a never-ending series of problems. It always has. It always will. Why do business owners refuse to face this truth? Why do they refuse to take the time to examine their companies? Is history meant to repeat itself for today's businesses? No! Let the managers learn from experience. Let the managers learn to take the time to solve their daily business problems, rather than put them off until tomorrow.

The challenge of the coming decade is survival. To remain strong is to stay healthy. To stay healthy means to practice preventive medicine, for the person and for the company.