

Life Support: Change or Quit
Knowing if you need to change directions or call it quits.
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Entrepreneurs know when a change in direction is needed. If nothing else, they can feel it in their stomach! Their anxiety level increases while their sleep decreases. Every entrepreneur knows the signal if you have realized that:

- a) The product or service that you offer isn't selling
- b) The order that you counted on has been cancelled
- c) Competitors are offering better prices or service
- d) Customers prefer to do business elsewhere
- e) Key individuals that work for you are absent, have resigned, or taken jobs elsewhere
- f) Existing equipment that needed repair, can't be repaired any longer and is breaking down
- g) You can't make payroll
- h) The outflow of cash is greater than the inflow (you're in the red)
- i) The bank won't lend you the money that you need

If any of these situations have ever happened to you, it was a "moment of truth" for you! It probably was the first time you had to ask yourself whether you had the ability to run your own business.

The first place to start in deciding what to do is by conducting a Business Valuation. There are professionals who do this for a living and who can tell you what you need to do, simply by analyzing your business financials. That means you need to have your Cash Flow, Income Statement, and Balance Sheet in place for each year that you have been in business. An accounting or finance professional can look at the statements and determine trends and ratios for you, thus determining what needs to be changed.

After receiving this advice, it is imperative that you implement the recommendations. You will need to monitor the results you get for a period of time to see if the issues are resolved. If the change in the direction of your business is not enough or it is too late, it may be time to sell your business. That is where the Business Valuation will ALSO prove very helpful.

A Business Valuation expert will quantify the worth of your business. It may be that (a) you will need to put your business up for sale; (b) sell parts of it, but not all of it, (c) find a partner who can invest in the business, (d) bequeath it to someone else, (e) restructure your business, (f) find a competitor whose products/services are complementary to what you have, and join forces.

If you could use some unbiased advice on how to keep your business in place, please call the Small Business Development Center at (803) 777-5118 or email usscsbdc@moore.sc.edu. We offer free and confidential counseling, and one of our Business Consultants will be glad to help you!

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