



***Good consultants/coaches serve the bottom line and improve lives
for transportation intermediaries***

By Steve Fernlund

There are three times when a business owner should bring in outside advisers. When things are going well, when things are going poorly, and when things are just okay.

According to the Turnaround Management Association (www.turnaround.org)—a group that is “Dedicated to Corporate Renewal”—there are ten signs of impending trouble in every business. Most business owners or managers will see these signs before it’s too late, but they won’t always know what to do about them.

Operating Without a Business Plan—

A business plan provides direction for management decision-making. Without a plan—and creating a plan need not be a complex undertaking—decisions are made “on the fly” without considering the long-term objectives of the business.

Ineffective Management Style—

All the decision-making authority rests with the company founder even though the company has outgrown his capabilities. Management staff is weak, due in large part to the boss’s inability to delegate.

Lack of Operating Controls—

Reporting relationships are unclear or non-existent. Credit is extended to the wrong customers. Vendors are paid twice for the same job. Without proper operating controls, business managers make decisions based on old or inaccurate information.

Weak Financial Function—

The business is burdened with too much debt. Accounts receivable are out of control and bad debt is rampant. Vendors are getting paid late, if at all.

Lender Relationships—

The banker has become enemy number one. The business stops providing the financial reports that covenants demand. Top management dodges the banker's phone calls.

Precarious Customer Base—

A large share of company revenue is concentrated in a small number of customers or industries. A major customer bankruptcy or industry turndown will be fatal.

Over Diversification—

The business has gotten into services and markets beyond its expertise—without much planning. Management is spread too thin. Employees, vendors, and most important the customers are unsure of the true mission of the company.

Market Lag—

The business fails to keep up with changes in the market. New competitors crop up offering more and better services. Existing competitors install new technology and systems. Long-time customers become inactive.

Explosive Growth—

Rapid growth leaves little margin for error. Management is again spread thin. Finding enough good people is problematic. And finances are stretched to the breaking point, even if the explosive growth is profitable.

Family vs. Business Issues—

Nepotism and closely held businesses go together. Personal and family conflicts can add emotion to the business decision process. Sound business judgment goes out the window.

A good consultant or business coach working with business owners and managers can develop a Business Plan that reflects the aspirations of stockholders and employees, considers the industry and market conditions, and provides an objective around which future business decisions—large and small—are to be made.

Then he can work with the company founder to create a business management structure that will help insure the survival and prosperity of the business according to the Business Plan. A succession plan is not just for dying anymore. Management hiring and training processes can be implemented and measured so authority and responsibility are transferred to where it is most productive.

Business and accounting experts can help establish proper operating controls and procedures that will improve productivity and financial function. As those controls are implemented, an advisor can help communicate the business strategy to lenders, turning the banker into a supportive partner in business success.

A marketing consultant is expert in analyzing existing customer relationships to determine the profitability and concentration of existing customers and see where existing markets are headed. He'll identify if concentration is too much, potentially profitable new markets, and markets where diversification is appropriate.

An outside consultant is invaluable when striving to keep family and business issues separate and keeping both family and business successfully intact.

As a business owner or key manager you have likely seen and tried to deal with several of these signs of trouble during your career. If you see any now—whether times are good or bad or just okay—it is time for action.

The Institute of Management Consultants has an online directory you can search for consultants offering expertise in areas of concern to you (www.imcusa.org). Coachville offers a referral directory that includes business coaches at (www.coachvillereferral.com).

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