



“Silos and Other Corporate Threats”

- Five Common Company Behaviors That Can Lead to Business Distress, Declining Profitability and Losses -

Fort Lauderdale, FL - Feb 2018. In January, I wrote an [article](#) about the “Runway” - the period of time that begins when a Company first falls from healthy profits and liquidity (“Point A”) to losses, shrinking liquidity and potential bankruptcy (“Point B”). I warned that the length of the Runway *can quickly shrink* as negative repercussions compound the effect. I also stressed that, unless a professional turnaround is launched *on or before* a Company hits Point A, odds of a successful recovery, especially in today’s inflexible banking environment, can be slim to none.

In this article, I highlight *five harmful business practices* that can lead a company down the path towards Point B. If any of these apply to your company, please accept our invitation to talk to us about a solution at the conclusion of this article.

- 1 Departmental Silos** This behavior occurs when internal departments become isolated from each other and view inter-departmental communications as *competitive* rather than *collaborative*. This creates a “win-lose” culture” with significant negative consequences ranging from inefficiencies and duplication of effort to outright infighting and sabotage.
- 2 Procrastination** Think about the *speed of business* today compared to five or ten years ago. Whether it’s product development, supply chain management or e-commerce/social marketing, doing something better or faster than the competition is a necessary and valuable advantage. Not having a culture of urgency inside a company negates those critical benefits and puts your company at a competitive disadvantage.
- 3 Lack of Innovation** From fashion to consumer products, nothing is more important than constantly innovating and planning your next generation of product or services. If you’re not focused on what’s next, you’ll allow your competition to be the first mover and find yourself in “catch up” mode. This can have significant negative long-term repercussions to your market share.
- 4 Failure to Control Operating Expenses** Although it often takes a back seat, you must be vigilant about managing your fixed and variable expenses. By their nature, expenses increase over time but rarely decrease without a determined effort to contain them. You’ve got enough external pressure from margin compression and inflating product costs. Don’t let bloated operating expenses add to the burden.



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Inward Focus; Failure to React to Changing Market Conditions

Just as departments within a company can become isolated from each other, *entire companies can become isolated* from their customers and their market. Go beyond the numbers and spend time studying every aspect of the market you serve, constantly anticipating and designing strategies to maintain and grow your customer base and market share.

Beyond the five corporate behavioral threats described above, there are any number of other *event-driven pain points* your company might experience, including the loss of a major customer or supplier, a disruptive competitor in the market, or a shift in consumer’s buying behavior.

If your company exhibits one or more of these self-destructive behaviors, or is exposed to a significant external threat, *you must take action quickly*.

Why? In the best case, your company will be prevented from performing to its potential. At worst, it may already be on a path to a serious hit to your liquidity and bottom line.

Changing a dysfunctional corporate culture or proactively responding to an external event or change in market conditions requires an intense, immersive process with a *specialized set of skills and mindset that is entirely different* from the day-to-day skills needed to run a successful business.

What to Do Next. Put your turnaround in the hands of a professional. Here are just a few of the reasons why:

- A turnaround environment *is not business as usual* because, among other things, the timeline is significantly compressed and the impact of mistakes are greatly magnified.
- Allows your CEO to remain focused on running the business while active turnaround measures are underway.
- It is significantly more efficient and less costly *to act preemptively* before these issues become fully entrenched in the company’s culture.

{ For more information or to explore your options, we invite you to visit www.synergylc.net or call (561) 264-2570 to request a private, confidential call with Gary Nacht, Principal. }

