

Rapid Response - Early Warning Signs

Financial problems	<ul style="list-style-type: none"> Negative cash flow, accounts payable backlog Overdue loans/liens Real estate and property tax delinquencies
Quality problems	<ul style="list-style-type: none"> Returns Customer complaints Increasing costs
Supply Chain issues (both directions)	<ul style="list-style-type: none"> Upstream (customers) Downstream (suppliers) Competing supply chains
Market issues	<ul style="list-style-type: none"> Global competition Market trends Impacts on supply chain
Ownership problems	<ul style="list-style-type: none"> No successor for an aging or sick owner Change of ownership/new investment strategy Ownership by conglomerate
Disinvestment	<ul style="list-style-type: none"> Lack of equipment and building maintenance Profits used to improve or buy other plants Excess dividends or other payouts
Declining sales and/or declining employment	<ul style="list-style-type: none"> Three-year trend declines Loss of major customers Trend counter to (or worse than) the rest of industry
Mismanagement	<ul style="list-style-type: none"> Poor quality control, poor product design Nepotism, cronyism, irregularities in promotions Antagonistic labor relations
Duplicate capacity	<ul style="list-style-type: none"> Twin plant with ability to make the same or related product Outsourcing of least-skilled work Whipsawing against twin plant
Management instability	<ul style="list-style-type: none"> Poor treatment of plant by corporate parent or poor managers High turnover in plant manager, engineer, and labor relations positions Mysterious new "consultants" directing personnel
Business "climate" complaints	<ul style="list-style-type: none"> Management complaints about taxes, energy prices, unions, poor workers Indications that a company is looking for enterprise zone, tax breaks Antagonistic local government/activists
Changes in land use	<ul style="list-style-type: none"> Rising land prices due to commercial or residential redevelopment Location in a trendy riverfront or Oceanside area Neighboring plants being sold and converted to non-manufacturing uses
Inadequate research and development	<ul style="list-style-type: none"> Lack of new products Losing product design and quality to other companies Lack of research to cut energy costs, overhead, and inventory
Changes in management behavior	<ul style="list-style-type: none"> Increased labor relation problems Lack of company "roots" in the community Manager's actions that indicate they won't be staying long
Removal of equipment	<ul style="list-style-type: none"> Equipment moved to a twin plant or sold to a competitor Loss of key equipment or minor pieces
Cash crunch/irrational cutbacks	<ul style="list-style-type: none"> Supplies arriving C.O.D. Shortages in supplies causing production snags Paychecks bouncing
Unusual bargaining positions	<ul style="list-style-type: none"> Management asking for shorter or longer contracts than usual Company offering to initiate severance pay clause Management proposing "back loaded" money language
Unidentified visitors and/or cosmetic	<ul style="list-style-type: none"> Equipment or building being surveyed or appraised