

Restructuring a business

All businesses are looking at the profit and loss account and balance sheets and considering how things can be improved.

Various options come forwards as part of the assessment: cutting costs, increasing income, spreading the risks over a longer period, moving premises etc.

A better question would be: “How can we create capacity within what we have to do more?”

A number of businesses have deliberately reduced income to increase profits. This is something that is actually easier to achieve than it may look like when reading this.

A critical and constructive examination of what is being done by the business, how and what ordering takes place, what services are provided, what services actually deliver a profit today or may be an area for investment for tomorrow.

Owner managed businesses have been very successful through the boom years in terms of good profits. However, could they have been more successful if they had operated differently?

From the work we have done over a number of years, it is clear that many could have been more successful then and certainly would be so today.

Sharing knowledge with the workers on what the business plan is and what the opportunities and threats are to the business is not a sign of weakness but of strength. When the company Directors share such information, the challenges are shared, new options develop and solutions reveal themselves which otherwise may not have been considered.

The reason often given for not doing involving other members of the team is “They will use that against us and leave.”, or “They will just go off sick or something else equally negative.”.

However, each comment is a reflection of the individual who perhaps is not as loyal to the business as the owner needs. This critical and constructive review of all your assets which includes the methods of working is crucial to the future success of the businesses.

Successful businesses need people who will give more, who go ‘the extra mile’, and who provide support.

Remember a breakdown of mutual trust, support and confidence may be a fair reason for dismissal. If that is true in an employment law context it can equally well be viewed as part of the business relationship.