

Warning signs your business might be in trouble: early signs

If you're experiencing any of these signs, early action can help you get back on track and avoid bigger problems.



Poor Cash Flow

- Cash flow statements and forecasts show persistent cash deficits.
- Customers are regularly paying you late.
- You're not aware of your cash position.
- You keep struggling to pay your debts on time.
- You make irregular payments to creditors or partially pay them to buy you extra time.

Changes in customer behaviour

- Demand for your products or services is falling.
- You have lost a key customer/s.
- Customer complaints are increasing.
- More customers are asking for refunds because of poor work.



Other indicators

- You're holding too much stock.
- You have lost focus on your business
- You're not seeking professional advice, or avoiding your accountant.
- You're experiencing high staff turnover and/or low employee morale.
- You're not taking a salary from your business.
- You have recently experienced an uninsured disaster.



HOW CAN I GET MY BUSINESS BACK ON TRACK

- **Speak to your accountant as soon as you can.**
- Reach out for advice early on – more options will be available.
- Don't delay action – this will only make the situation worse.

It is not uncommon for such warning signs to impact your mental wellbeing. Reach out for assistance if you, or someone you know, needs help.

Most businesses, with early intervention and the right advice can get back on track, however for some exiting the business may be the best option. If that is the case for you, download our [Guide to Exiting Your Business](#).

Warning signs your business might be in trouble: critical signs



WHAT CAN I DO?

If you're experiencing any of these warning signs, we urge you to speak to your accountant immediately:



SUPPLIERS ARE DEMANDING TO BE PAID IN CASH OR ARE REFUSING TO SELL TO YOU



YOU'RE USING THE CASH FROM NEW SALES TO PAY TO COMPLETE OLD WORK



YOUR AUDITORS HAVE ISSUED A QUALIFIED AUDIT OPINION



YOU'RE SEEKING FINANCE FROM LESS REPUTABLE SOURCES

YOU'RE STRUGGLING TO PAY YOUR EMPLOYEES ON TIME

YOU'RE NOT PAYING YOUR RENT ON TIME



YOU'RE REGULARLY INJECTING YOUR OWN MONEY INTO THE BUSINESS OR PAYING BUSINESS EXPENSES WITH YOUR OWN MONEY

YOU KEEP SEEKING PAYMENT ARRANGEMENTS WITH YOUR SUPPLIERS, LENDERS & TAX AUTHORITIES

YOU'RE USING VAT COLLECTIONS, TAX WITHHELD ON EMPLOYEE SALARIES, AND SOCIAL PENSION & SOCIAL SECURITY CONTRIBUTIONS TO HELP PAY OTHER DEBTS

HOW CAN I GET MY BUSINESS BACK ON TRACK?

The best way is to [speak to your accountant immediately](#).

You can also find helpful ideas on how to respond to these challenges in the following CPA Australia guides:

- [Tips for Business in Tough Times](#)
- [Tips for Small Business in Uncertain Times](#)
- [Small Business COVID-19 Recovery Toolkit](#)
- [Achieving Financial Success](#)
- [Tips to Manage Credit and Accounts Receivable](#)
- [Tips for Building Flexible and Resilient Supply Chains](#)
- [Good Practice Checklist for Small Business](#)
- [Mental Health Toolkit](#)