

# 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.

## Weakening financial position

- Profit is falling.
- Sales are declining.
- You're struggling to access new finance from your lenders.
- You have reached your limit on your credit facility, or have gone over that limit.
- The costs of running your business are rising but you're not seeing a equivalent increase in revenue.

## Not keeping up with compliance obligations

- You're not keeping up to date with your compliance obligations e.g. BAS, lodgments.
- Your accounting and record keeping is poor or non-existent.

## 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 or find one using our [Find a CPA tool](#).
- 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, including from these [mental health resources](#).

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 ENTERING INTO PAYMENT ARRANGEMENTS WITH THE ATO**



**YOU'RE USING GST COLLECTIONS, PAYG WITHHOLDING AND SUPER CONTRIBUTIONS TO HELP YOU PAY FOR OTHER DEBTS**

## HOW CAN I GET MY BUSINESS BACK ON TRACK?

The best way is to speak to your accountant immediately. If you don't have one, use our [Find A CPA tool](#).

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](#)
- [Options for Clients in Financial Distress](#)