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Eight First Steps To Take When Business Profits Suddenly Drop



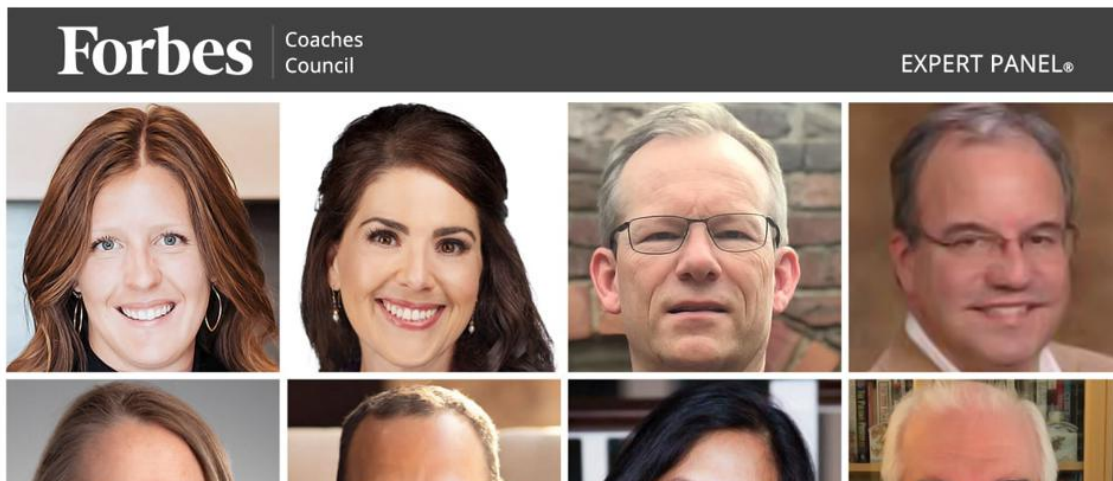
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Leadership

When a report comes in showing business profits in critical shape, company leaders need to act quickly and smartly. If you focus solely on the numbers and make decisions that do not support the organization’s mission, you risk compromising the company’s values and losing loyal customers.

If your business is experiencing a sudden nosedive in profits and you’re unsure about the best course of action, consider the following advice from the experts of [Forbes Coaches Council](#). The first steps you take could mean the difference between a full recovery and a worst-case scenario.





Forbes Coaches Council members share first steps to take when business profits drop.
PHOTOS COURTESY OF THE INDIVIDUAL MEMBERS.

1. Discover The Root Cause

Look under the hood. Presenting problems are often the issues that we think are creating our biggest challenges. However, most of the time, these issues are not really the problem at all; they are simply the outcome of fundamental core issues not being addressed, such as vision, people and processes. With companies, as with humans, you can treat the symptom or treat the root cause.

- [Melanie Towey, Melanie Anne, LLC](#)

2. Identify Inefficiencies

Identify inefficiencies—whether in staff, processes, vendors or delivery—and then implement micro-pivots to increase efficiency and better meet market needs. While examining inefficiencies, evaluate opportunities to offer ancillary and complementary products and services through diversification, joint ventures, licensing, co-branding or the creation of an affiliate or referral program. - [Ellie Shefi, Made to Change the World, Inc.](#)

3. Consult With Your Board Of Advisors

Get in touch with your board of advisors. The tendency is to look outward, but even in a revenue crisis, you need a board of advisors who know you, get your business and also have the wisdom to see you through this hopefully temporary storm. The tendency is to look into and immerse yourself in the crisis. You may need to do

that, but you had better have a roundtable to go with people who will help you. - [John M. O'Connor, Career Pro Inc.](#)

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4. Determine What Change Caused The Drop

Identify what changed and caused the nosedive by looking into three areas. Look at operational expenses and ask, "Did anything change?" Look at revenue streams, asking, "What changes occurred here?" Finally, examine market maturity and ask, "What is happening in the industry?" - [Brent McHugh, Charistar International](#)

5. Focus On Internal Customer-Facing Operations

Focus on internal customer-facing operations that can be audited and evaluated. Engage teams to explore options that shift the trajectory of profit loss to profit gains, identifying the bottlenecks and irritants. Then, communicate and strategically set the pace, removing key obstacles while upholding alignment with the company's mission, vision, values and goals and ensuring customer satisfaction. - [Lori Harris, Harris Whitesell Consulting](#)

6. Clarify Your Messaging

When profits take a nosedive, it provides a wonderful opportunity to reflect on a few things. First, it is important to clear up your

messaging for your company. Then, once your messaging is clarified, spend some time doubling down on it in your marketing campaigns by centering them around your specific messaging. -

[Jon Dwoskin, The Jon Dwoskin Experience](#)

7. Audit Resources And Capabilities

Look inward and audit your resources and capabilities to see what may have changed. Perhaps operational efficiency was weakened, or maybe higher costs were incurred or payments delayed.

Diagnosing internally first can offer useful insights and often helps identify the cause of the issue. You can then prioritize rectifying the problem, implement a solution and review once more as a check. - [Arthi Rabikrisson, Prerna Advisory](#)

8. Focus On Generating Value For Clients

Understand the reasons for the nosedive, adjust and streamline business architecture and get teams to focus on value generation. Orient the whole organization toward caring for clients and make sure that client service is at the top of your list of priorities. Your key source of value is satisfied clients, and ensuring their satisfaction will contribute greatly to stabilizing and turning the situation around. - [Luis Costa, Luis Costa - coach · facilitator · speaker](#)

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