WARNING SIGNS OF EMPLOYER IN POSSIBLE FINANCIAL DISTRESS

1. Company is losing key personnel in management, product development, marketing, and operations. Top management or directors are suddenly resigning. Key vacancies are not being filled.

2. Work site being visited by banks, financial companies or delegations from competitors.

3. If company’s stock is publicly traded, large drops in the price of the stock.

4. News stories appear about the company’s credit rating dropping below “investment grade” into “non-investment grade” (aka “junk” status)

5. Major cut backs in core business operations – sales, customer service, maintenance, quality control, research & development, or other critical areas.

6. If the company is privately owned, the major stockholder is sick or very old and there is no clear successor able to run the company.

7. Large drop in sales or production. Loss of major customers.

8. In manufacturing, equipment and facilities not being properly maintained. Necessary new equipment not being bought. Existing equipment being removed.

9. In manufacturing, unusual build ups in inventory or items in inventory are not longer usable or salable.

10. Decline in quality of products made or services provided. Decline in quality of parts used or services purchased.

11. Suppliers or service providers demanding cash payments ahead of time. Company no longer getting credit from suppliers or service providers.


13. Company having ongoing losses without a realistic strategy for making operations profitable.

14. Company repeatedly going through “reorganizing,” “downsizing,” “restructuring,” or similar changes without having a clear strategy or getting any improvements.