

## BUSINESS MUST SHAPE UP FOR NEW ECONOMIC REALITY

In the wake of the Chancellor's emergency budget, a Black Country insolvency and corporate rescue expert is warning owners and managers to plan now for a prolonged period of austerity.

John Travers, founder of Stourbridge-based John D Travers & Co, says that the region is likely to suffer a second wave of business failures, as the new economic reality takes hold.

He says: "Despite the new fiscal measures, the UK economy will remain fragile for years to come, creating an uncertain operating environment for many firms.

John says it is the mid-sized businesses, that is those with between 25 and 500 employees that will be hardest hit.

"A small business is likely to be more nimble and thus able to anticipate change, and to react quickly in order to survive," he comments.

He says that recent Government figures showing a slowdown in the rate of corporate insolvencies earlier this year offer little comfort.

"While corporate failures for the first three months of this year remain largely on a par with the figures for Q4 2009, the latest figures underline how the ripple effect of the downturn is permeating sectors that had previously recorded relatively low numbers of insolvencies.

"For example, failures among IT companies jumped by 200 per cent in the first quarter of 2010."

"So, while, the first wave of insolvencies hit many of the most vulnerable businesses, for example those with overdependence in one sector, such as automotive. The prolonged slowdown in demand combined with the shortage of affordable credit is bound to take its toll of hitherto healthy or promising businesses before too long."

"Good management has always been a key factor in sustaining business success. Over the next few months, business owners and directors should ensure that the processes are in place to detect the early warning signs that reveal the slide into irreversible financial difficulties.

"Early intervention and a change in strategy or aspects of operations can in many cases help save a business, or part of it, " he adds.

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