



THE ACCOMPLISHED ACCOUNTANT **MINI SEMINAR SERIES**

Critical Care Companies

“Unhealthy companies that are on their last legs unless a major change is undertaken quickly”

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1. What is a “Critical Care” Company? Do you have one?

Hospitals have very practical names for their departments or care units. “Intensive Care”, “Critical Care”, “Recovery” or “Emergency” and “Wellness” units. Our companies, or branches of companies in larger businesses, cycle through various health levels as they grow, thrive or struggle from year to year. The “Critical Care” company is in the unfortunate position of being very unhealthy and on the verge of death unless major recovery actions are taken. Like with our health, it may have taken quite some time for the company to get where it is today, but it doesn’t have the luxury of time to recover, as it is failing fast.

This is no time in a company life cycle for timid or small measures. If a company simply has a “flu”, small steps may be sufficient and fine-tuning may lead to recovery. However, if losses are being repeated and if the business seems to have lost its luster, it may be in the “critical care” stage.

Let’s get a little more specific. Is your company or a division of your company?

- a. Declining or stagnant in sales for the past two years and not looking better this year?
- b. Incurring a pretax net loss for last year and looking at the same thing this year?
- c. Under constant customer pressure for lower pricing?
- d. Experiencing a major threat from an overseas competitor?
- e. Not developing new innovative products or services?
- f. Struggling with employee morale with staff sadly showing declining graphs and charts, not smiling at meetings and complaining that business is bad?

If you have said, “yes” to one or more of these, you will benefit from “critical care” thinking.

If you said “yes” to most of them, you need the actions from the rest of this newsletter immediately.

A special note for service and retail companies This seminar uses examples primarily from the manufacturing sector as, generally, those businesses are the most complex to correct. However, all of the processes and recovery steps apply equally in a service or retail setting. In those sectors, costing records may be less refined or non-existent. This is OK since much of what is needed, is a cost assignment based on reason and logic that can be used as well in services as in manufacturing.