

When All Business Choices Are Bad

Written by Steve Marr
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Like most of us, I don't remember everything from business school. However, one phrase from an instructor has always stuck with me. The professor said, "There will be times in your business career when all of your choices are bad, and your job will be to carefully analyze and select the least bad option." Unfortunately, I have experienced this when none of my options were attractive.

I was advising a client who owned a retail store which was losing \$12,000 per month. After my research I felt the key issue was location. The current location was simply not viable for the business. The current rent was \$5,000 per month with another year on the lease. My hard advice to the business owner was to walk away from the lease, even at a cost of \$60,000 for the year and move to a different location. When the owner pushed back on the concept, I pointed out it was better to lose \$60,000 rather than \$144,000 by keeping the same location. Either choice was unattractive but losing \$60,000 was better than losing \$144,000.

The analysis and plan which I assisted in writing indicated the store could move into profitability after about 90 days in a new location. My client made the hard decision to walk away from the lease, set up a new location, and pay the moving expenses. The whole operation cost approximately \$90,000 in expenses. One year later the business had started to turn a profit of \$3,000 per month with an upward trend. Even with a net loss of \$63,000, including making duplicate rent payments and absorbing moving expenses; the business had started to move into a profitable trajectory. If the owner had done nothing, the loss would have been \$144,000. The turnaround was based on taking one of two negative choices. However, by accepting the one that was least adverse; there was a positive outcome.

A restaurant owner in New York City was devastated by several key factors: the COVID-19 lockdown, the increased number of business customers working from home, employees not using office buildings nearby, and the evening theater crowd not going to plays. The owner was losing a substantial amount of money each month, dipping into savings to support the business. The owner was in the difficult position of either depleting savings that would be gone in six months or closing the restaurant, walking away, and using skills elsewhere as an executive chef or finding a more viable location. Both choices were devastatingly bad. However, if the owner did not close the business and customers did not come in; then, in 6 to 12 months the business would still fail and there would be no cash reserves.

Once I was presented with a customer's offer to pay \$0.50 on the dollar for a large account receivable or we could file suit for collection, pushing the business into bankruptcy. This would

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mean recovering even less money at a higher cost which would also include attorney fees. I made the decision to accept the 50% payment. Any additional business done with the customer was based on cash payment in advance. I learned six months later they filed bankruptcy, so in this situation the choice was the correct course of action. I recouped half of the money owed.

Many businesses are severely stressed with the effects of COVID-19 on the economy and their business. According to a report in [Fast Company](#), 60% of businesses that have closed during the COVID-19 pandemic will never reopen their establishments.

During this devastating economic time, a wise business owner needs to prayerfully determine how to address the current situation realistically and objectively. How much cash do I have left to sustain the business? Do I have the option to stay open? If so for how long? What is the realistic expectation of business returning and how quickly?

Nehemiah gave us a model when faced with a major problem. He analyzed the situation and reported, "You see the trouble we are in: Jerusalem lies in ruins, and its gates have been burned with fire. Come, let us rebuild the wall of Jerusalem, and we will no longer be in disgrace." (Nehemiah 2:17, NIV) Notice nothing was sugarcoated or exaggerated. Nehemiah was objective about a very desperate situation. From this place, he established a plan of action and implemented it.

In your situation when pressured by severe business realities, follow the model and make a careful and complete examination of your situation. Then create a plan of action and ask the Lord for assistance and guidance.

We need to be able to make decisions in trying times. Remember that the key precept is that failing to decide is a decision to do nothing. Only the Lord can send His peace to show you the correct decision to make when it feels like all your choices are bad. Depend on His leadership to show you the least damaging pathway.