

CHAPTER 1: PRICING, SALES, AND ADVERTISING MISS MARGINS

- Sales Do Not Support Advertising Expenditures
- Revenue Base Erosion
- Increased Product Pricing Causes a Reduction in Sales
- Lowered Price Shrinks Margins
- High Level of Merchandise Returns

CHAPTER 2: INVENTORY AND PRODUCTION SHORTFALLS

- Low Turnover of Merchandise
- Deficient Inventory Balances
- Excessive Inventory Ordering and Carrying Costs
- Ordering Incorrect Quantities of Inventory
- High Rate of Inventory Stockout
- Theft of Inventories
- Miscounted Inventory
- Inaccurate Inventory Records
- High Rate of Product Obsolescence
- Manufacturing Schedules Missed
- Poor-Quality Goods Produced
- Lack of Inventory Storage Space
- Delayed Receipt of New Inventory

CHAPTER 3: PROFIT TARGETS ARE OFF

- Unrealistic Break-Even Point
- Product or Service Does Not Break-Even
- Excessive Cost-To-Production Volume
- Weak Sales Mix
- Unprofitable Profit Centers
- Potential Loss of a Contract
- Product Refinement Generates a Loss

CHAPTER 4: RISK-RETURN UNBALANCE

- Disproportionate Risk to Return
- Risk in the Industry
- Risk in Corporate Operations
- Lack of Diversification
- Inflationary Risk
- Political Risk
- Foreign Exchange Risk
- Social and Environmental Risks
- Management Unaware of Financial Problems

CHAPTER 5: INABILITY TO FINANCE WEAKENS BUSINESS DEVELOPMENT

- Market Price of Stock Falls
- Bond Rating Drops
- Inability to Obtain Financing
- Inability to Issue New Securities
- Dividends Are Restricted
- Restrictive Loan Agreements Are Breached

CHAPTER 6: BUSINESS CONTROL THREATENED

- Bankruptcy Looms
- Inability to Curb Financial Problems
- Inability to Repay Debt
- Takeover Threat
- Costs Increase after Acquisition
- Financial Inconsistencies after Acquisition

CHAPTER 7: CASH FLOW DISTURBANCES

- Inadequate Cash Position
- Surplus Funds
- Delayed Customer Payments
- Paying Cash Too Soon
- Cash Outflows Exceed Cash Inflows
- Going Broke While Maintaining Profits
- Inefficient Use of Cash

CHAPTER 8: MESS IN ACCOUNTS PAYABLE AND RECEIVABLE

- Vendor's Price Increases
- Hidden Discount Costs
- Poor Credit Rating
- Check Fraud and Improper Payments
- Stringent Credit Requirements

CHAPTER 9: LACKLUSTER FINANCIAL STATEMENTS

- Inadequate Working Capital
- Inadequate Liquidity
- Insolvency
- Excessive Debt
- Off-Balance-Sheet Liabilities
- Deficient Asset Use and Turnover
- Low Rate of Return
- Lack of Residual Income
- High Cash-Realization Risk in Assets
- Poor Profitability and Growth

- Poor-Quality Earnings
- Unstable Operations and Earnings
- Unstable Income
- Low Price/Earnings Ratio

CHAPTER 10: COSTS OUT OF CONTROL

- Excessive Labor Costs
- Excessive Operating Leverage
- Inadequate Cost Controls
- Lack of Cost Information
- Distorted Cost Information
- Supplies Increase in Cost or are Unavailable
- Cost Reductions Hamper Development
- Reduced Discretionary Costs Hurt the Business
- Up-Front Costs Impede Project Authorization
- Pricing Lowers Profits

CHAPTER 11: BUDGETING AND COST CONTROL PROBLEMS

- Actual Costs Exceed Budgeted Costs
- Actual Costs Exceed Standard Costs
- Actual Revenue below Standard Revenue
- Inaccurate Sales and Expense Estimates
- Lack of the Right Product at the Right Time
- Poor Use of Production Capacity
- Expansion Exceeds Financial Resources

CHAPTER 12: FRAGILE INTERNAL CONTROLS

- Costs Not Closely Tracked
- Assets Not Monitored
- Recordkeeping Errors
- Credit Card Fraud
- Cumbersome Accounting Procedures

CHAPTER 13: TAX PLANNING AND PREPARATION

- Incomplete and Inaccurate Tax Recordkeeping
 - Underpayment of Taxes
 - Double Taxation
 - Avoiding Tax on the Transfer of Property
 - Incorrect Classification of Employees
 - Fringe Benefits Not Recorded as Income
 - Excessive Compensation to Employee Shareholders
 - Funds Insufficient to Purchase a Deceased Shareholder's Stock
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