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tends to stay in operation until some event prevents it from continuing--businesses don't stop working for no reason. Though occasionally they suffer a slow decline to closing, more often a firm's shutdown is the result of an internal or external misfortune that compromises the integrity of the operation or starts a chain reaction that leads to collapse.

Some of these disasters are familiar and probably preventable, but others take you down [when you least expect it](#).

## Foreseeable and Unforeseeable

It's hard to define what constitutes a "foreseeable" business disaster versus an "unforeseeable" one. If a disaster were inherently and universally foreseeable, any business owner would be able to see it coming and, in theory, prevent it from happening.



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If you want to protect your business against some of the most destructive or surprising potential disasters around, these are the ones to watch for:

**1. Cash flow interruptions.** [Businesses need cash to survive](#); it's what you use to pay your employees and your bills, and generally keep the lights on. If your cash flow runs into the negative, sooner or later your entire operation will collapse. This seems obvious, but many startups end up facing cash flow problems they didn't anticipate. Why? Because cash flow is a bit different from bottom-line profitability. It requires you to pay careful attention to your incoming and outgoing money at all times. Even if your business is making money on paper, an unexpected expense, a customer who won't pay on time, or a drop in expected revenue could send your finances into a downward spiral.

**2. Personal injury lawsuits.** Personal injuries in the workplace are probably something you won't anticipate. They don't have much to do with your daily operations, especially in a non-industrial or non-manufacturing setting, but they can still happen anywhere, at almost any time. Under the right conditions, a single personal injury lawsuit in your place of operation or involving the use of one of your products [could cost you millions of dollars or more](#). It's possible to lower your risk of this by establishing stricter, more comprehensive safety requirements, insisting on a protective waiver or similar legal document for your customers, and even obtaining litigation insurance. Together, these measures will make your company less vulnerable to most unfortunate encounters here.

**3. Intellectual property lawsuits.** Most businesses don't think much about intellectual property lawsuits because they would never intentionally plagiarize another company's material or blatantly employ an asset without permission. This can be an unexpected disaster, however, because it usually occurs when your business (or someone who works for it) didn't realize what it was doing was wrong. This could be something as simple as using an image in your blog when you didn't have permission for it, or mentioning another company's name inappropriately in an advertisement. Such lawsuits can cost a lot of money, especially if you're dealing with big corporations, so verify your work multiple times to ensure you're always [using intellectual property appropriately](#).



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wish to consider taking proactive measures against the threat of natural disasters by storing your data offsite, and by investing in insurance that will cover any disaster-related damage.

**5. Fraud.** Fraud can come in many forms, and chances are you'll never see it coming. It's unlikely that your business would be defrauded at the higher levels, but when you're first starting out, you could be vulnerable to fraud in the form of a misleading customer interaction or a partnership that doesn't pan out. As your firm gets bigger, you'll be less susceptible to these potential fault points, but you'll still be vulnerable to internal forms of fraud; no matter how much you trust your employees, someone may still end up managing your money fraudulently or stealing from your business in other costly ways.

**6. Scandals.** A scandal could hurt your company in a variety of ways, especially if your business is big and popular enough that bad news would tend to spread quickly. Financial scandals often get the most attention, especially when many individual consumers might be affected, but if you're caught lying about your products, or if they malfunction in some grand and terrible way, you could suffer a consumer revolt. It's hard to recover gracefully from a PR disaster, but it's possible, so try to remain as transparent and accommodating as possible if this ever happens to you.

Even armed with ample knowledge and experience, it's [impossible to prepare your business for everything](#). There will always be circumstances beyond your control, and unpredictable events that test your company's foundation.

You can fight back by hedging your bets and preparing for the widest range of possible scenarios imaginable, and setting up contingency plans just in case your business gets caught off guard.

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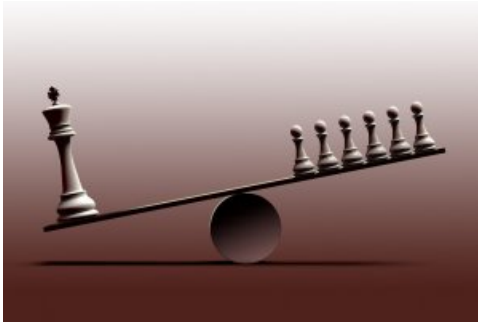


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