

When Cash Flow Gets Tight: How Owners Can Act Before Crisis Hits

What founders and family business owners need to know before distress sets in

For many lower-middle-market companies, especially family- and founder-owned businesses, the signs of financial stress do not always look like a crisis. They start small—tightening cash flow, slower collections, customer losses, rising pressure from lenders and vendors/suppliers, or even key

executives leaving or quietly exploring new roles.

But in today's environment, those early warning signs are more than just growing pains. These signals show that immediate action may already be needed.

As interest rates remain elevated and inflation lingers, business owners are navigating a more selective and risk-averse lending landscape. After several years of stimulus-fueled growth, many are now facing credit fatigue—and finding that traditional sources of capital are harder to access just when flexibility matters most. In this kind of environment, the margin for error shrinks—and the ability to recognize early signs of pressure becomes even more important.

Spotting the Signs Early Matters

In many cases, the earliest indicators of financial strain are easy to overlook. They rarely feel like a crisis in the moment—but they add up. Recognizing these patterns early is crucial for preserving flexibility and avoiding more painful decisions in the future.

Common early warning signs include:

- Cash flow volatility or increasing reliance on lines of credit to cover fixed costs
- Slower customer payments and rising days sales outstanding (DSO)
- Unexplained dips in gross margin or project profitability
- Missed financial forecasts or budget gaps that keep growing
- Turnover at the CFO or controller level
- Tightening terms with suppliers or nervous calls from lenders about financial covenants
- Delays in board reporting or strategic planning activities
- Founders or executives stretched thin and managing outside core roles

These issues may not individually indicate distress—but when multiple signs appear together, that pattern suggests the business needs to reassess strategic positioning and plan proactively.

Today's choppy market demands a shift in approach.

Hesitation is common. Owners are often reluctant to spend resources, especially when limited, on outside support or worry that bringing in an advisor signals vulnerability or weakness. However, in practice, early advisory involvement can improve outcomes dramatically through pattern recognition. Conversations with lenders, creditors, and boards tend to shift once a third party is engaged—restoring momentum and providing much-needed space for management to focus on operations and customer relationships.

Restructuring advisors also help leadership teams maintain continuity during moments of stress. When internal teams are stretched thin or distracted by uncertainty, outside support can reinforce leadership and keep execution on track. By stepping in as a steadying presence, advisors provide much-needed breathing room—allowing executives to focus on their core responsibilities while knowing someone is managing the pressure behind the scenes.



“Business owners typically know their companies better than anyone. But they don’t always understand what restructuring advisors bring to the table. Our job is to provide a fresh perspective and be another set of eyes and ears—to get in quickly, assess the situation objectively, and support leadership in stabilizing the business before options begin to narrow.”

-Jeff Elmore, Managing Director, Restructuring



What Business Owners Gain by Acting Early

Bringing in outside support does not just help avoid downside—that catalyst creates room to move with intention. When action is taken before the pressure peaks, owners often find themselves in a stronger, more strategic position. Early intervention can unlock:

- 1. More options on the table.** Whether it is refinancing, restructuring, or preparing for a transaction, acting early keeps more strategic paths available.
- 2. Time to execute a thoughtful plan.** Proactive moves allow management to address challenges with clarity rather than reactively.
- 3. Stronger stakeholder relationships.** Lenders, creditors, and boards respond more positively when advisors are involved proactively—not during a crisis.
- 4. Preservation of control.** Owners are better positioned to shape outcomes, protect the team, and stay aligned with long-term goals.
- 5. Faster recovery and future readiness.** The earlier stabilization begins, the sooner leadership can return focus to growth and execution.

G2 Capital Advisors partners with companies to provide the clarity, credibility, and strategic support needed to navigate periods of financial pressure. For owners who sense things getting tighter—even if an acute crisis has not yet materialized—now is the right time to engage us. A timely, independent perspective can make all the difference.

Whether you're facing early warning signs or planning ahead, G2 is here to help you navigate what's next. Connect with our team today to explore how G2 can support your business.



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“When a company is in distress or facing major challenges, we’re not there to take control. We’re there to roll up our sleeves and work side by side with owners and executives to help stabilize, refocus, and move the business forward.”

–Jeff Elmore
MD, Restructuring