

# Corporate finance



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Business Finance Article - How to Evaluate Your Business & Improve Your Bottom Line During Recession by Tony Massaro In the current economic condition, with the high recession that is being faced globally, Massaro has taken an initiative to provide businesses with a solution and some recommendations to be able to cope up with the recession and yet be successful. This article talks about the some extremely essential questions which need to be answered by business to ensure that the business is moving in the right direction. In the current scenario, it is a necessity for businesses to evaluate themselves and make necessary changes to be able to survive in the markets. Massaro has also provided clear reasoning to the businesses as to why they should not be unsure or fear reinventing the business to cope with the market changes and the complete global financial crisis. Based on the responses that the author has provided, I completely agree with the author. The recommendations like understanding that review means a lot for companies especially in times of recession. As the author has discussed, the decision involves a number of people, and also involves quick and accurate decision been taken by the management of the firms. I completely agree with the recommendations that have been provided by the writer. Massaro has provided clear cut out issues, solutions and recommendations for companies. The recommendations that have been provided show a very positive possibility for the firms to be able to overcome the recession and continue to make profits. It is also seen that the author has taken care in ensuring that the steps are expressed in simple terms and is not too technical hence can be used by any industry and any business size.

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A stockholder dropped by my office the other day and brought up a very interesting and important question. She said that as a company grows, agency problems develop within the company. Of course I nodded knowingly. She asked how we were going to help reduce the agency issues at the top executive level. She left and I started to look up definitions. Do you have any way of helping me get her an answer? What do we do to reduce this agency problem thing? How do we measure the top executives, what other safeguards do we establish to make sure no one is harming the company or its stockholders?

Agency problems are a common issue that is found in companies. This normally occurs when there is a conflict of interest between the creditors, management and also the shareholders. This is majorly due to differences in the goals. Having agency problems in a company can lead to increased costs that the company requires to incur. Thus to reduce the agency problems the company can set down fixed goals. This can be done by arranging for a meeting between the top executives along with the stakeholders of the company. This meeting is to ensure that all the top management work towards a focused goal without any discrepancies and confusions. This meeting can also act as a platform for the top management as well as the stakeholders to provide their views and suggestion for the company. The conclusion that is reached at in these meetings is the final goals of the company and all the executives need to comply with the same. To judge whether the executives are working in sync with the decided goal, there

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requires being constant monitoring of the performance of the company. This can be seen through the financial reports and also if the company is able to meet up to the stakeholder's obligations and needs. A company which shows constant and steady profits will reflect one which is being rightly steered by the executives without any personal interest of the executives in the company. The company will portray a strong success as well as it will be able to meet up to the various obligations of the stakeholders. This is the best mode of safeguarding the company and its stakeholders from any harm that can be caused by agency problems within the company.