# MODULE 3:
# ANALYSIS OF CORPORATE FAILURES

**Structure**



**Learning objectives**

After reading this module, the learner will be able to
(1) Understand the symptoms of corporate failure.
(2) Find out the reasons of corporate failure.

**3.1 Introduction**

Businesses can fail as a result of wars, recessions, high taxation, high interest rates, excessive regulations, poor management decisions, insufficient marketing, inability to compete with other similar businesses, or a lack of interest from the public in the business's offerings. Some businesses may choose to shut down prior to an expected failure. Others may continue to operate until they are forced out by a court order.

**3.2 Definition**

The term corporate failure entails discontinuation of company's operations leading to inability to reap sufficient profit or revenue to pay the business expenses. It happens due to poor management, incompetence, and bad marketing strategies.
In a business environment, corporate failure of firms is quite common, wherein only those firms survive, that adapt themselves according to the market.

**3.3 Symptoms of Corporate Failure**

The basic symptoms of corporate failure are:
1. Low profitability
2. High Gearing
3. Low Liquidity

The company's financial trends may represent these symptoms, which are related to one another. First of all, the company encounters a downfall in its profit, which is reflected in the profitability ratios, such as **Profit Margin,** Return **on Capital Employed** and **Return on Net Assets.**

### 3.4 Causes of Corporate Failure

- **Economic Distress**: Economic downturn is one of the major causes of corporate failures, across many businesses. The decline in the economy may lead to the reduction in the activities, which adversely affects the performance of many firms in the economy.
- **Mismanagement**: Mismanagement implies improper management control over the working of the employees and other business activities. It refers to lack of managerial skills and experience, in terms of strategic capability, leadership, teamwork, coordination, foresightedness, etc. resulting in the failure of the enterprise.
- **Technological Causes**: With the advancement in the technology, new modes of doing business has been introduced, which is better than the traditional ones. If an industry fails to employ the latest information and production technology, then the chance of failure of the firm may increase.
- **Working Capital Problems**: When the company is going through financial distress, it may face liquidity shortages. Due to the insufficiency of funds the organisation fails to carry out the day to day operations of the organisation properly and weak liquidity becomes evident.
- **Fraudulent Management**: Corporate collapse is also mainly caused by the fraud of the management. There are instances when managers are influenced by personal greed, due to which they use unfair means such as falsification in the financial statements and accounting reports of the company.

Besides the reasons mentioned above, there are other causes which also result in the sickness of the company, such as **financial distress, poorly structured board, over-expansion and diversification, dishonest audit committees,** etc.

It is true that the performance of every enterprise is not same, some are exceptionally successful, and some underperform, even some enterprises fail. The overall success of the enterprise depends on the people it hires and control of the management of the firm's activities.

The company can appoint a fair **audit committee**, to locate the fraud by the management and also integrate control in the business. It may focus on **research and development** to generate new ideas, to offer better products and services to the customers.

### 3.5 RISK FACTORS BEHIND CORPORATE FAILURE

1. **LACK OF BOARD EFFECTIVENESS-** Ineffective boards suffered from limitations on skills and competence, as well as on the nonexecutive directors' (NED) ability to monitor and control senior executives effectively. For instance, the board director who was responsible for refining at BP at the time of the Texas City refinery explosion had no refining experience. Independent Insurance's NEDs did not have insurance industry expertise.

2. **BOARDS' RISK BLINDNESS -** This is characterised by a board's failure to engage with important risks, such as risks to reputation and "licence to operate", to the same degree that they engage with reward and opportunity. For example, Railtrack's licence to operate depended on the UK government, but the company outsourced track maintenance, despite the fact that this was one of its core responsibilities to its customers.
3. **POOR LEADERSHIP ON ETHOS AND CULTURE -** Double standards were perceived in cases such as Maclaren's dealing with its US and UK push-chair (baby stroller) recalls and SociétéGénérale's ignoring breach of trading limits by JérômeKerviel.
4. **DEFECTIVE COMMUNICATION -** Railtrack and Network Rail did not communicate effectively with subcontractors. In the EADS Airbus A380 case, problems of nonmatching aircraft sections were kept from senior managers for six months.
5. **EXCESSIVE COMPLEXITY -** The EADS Airbus A380 project involved immense complexity at the level of aircraft design, information technology, procurement, manufacture and assembly, in addition to the need to achieve Franco-German political balance between two chief executives. The merger of BP and Amoco made BP's management structure overly complex.
6. **INAPPROPRIATE INCENTIVES -** BP's bonus scheme gave little credit for achieving good health and safety standards.
7. **INFORMATION "GLASS CEILING" -**This is characterised by an inability on the part of internal audit or risk management teams to report on risks originating from higher levels in their organisations' hierarchy. For example, red flags raised by internal compliance over Kerviel's trading patterns at SociétéGénérale had no effect.

### 3.6 Brand Failure

Gone are the days when products used to be everything for a company. People, today, buy a brand. There truly isn't much difference among the products sold in the market. It's the brand that makes the difference and makes the purchase decision easy for the customer.
Brand success and brand failure both depend on the brand-consumer bond, brand image, brand promise and brand positioning as it's the customer who decides the fate of a brand. Bonds, once established, results in emotions being attached and a perception developed about the brand. This bond when distorted leads to a distorted perception of either the brand (brand failure), the competition or the market (if it's a new market).

### 3.7 Reasons for Brand Failure

**Position Amnesia**
Position Amnesia is when a brand forgets what it is and what it stands for and tries to experiment with its identity and positioning to an extent that it takes a totally different route. This route could result in that brand's failure as it might not be congruent to the existing image and positioning of the brand.
**Example of brand failure due to Position Amnesia**
**Coca Cola Brand Failure**

One of the perfect examples of "***Brand is as important as the product***" theory.
With over a billion drinks sold every day, Coca Cola is surely one of the most loved brands in the world. But it also committed one of biggest marketing blunder of all time. In late 1970s and early 1980s it was evident that Pepsi had better marketing campaigns planned to win the first position from Coca Cola. Many successful campaigns like "Pepsi Challenge" and "Pepsi Generation" made it clear that people preferred Pepsi's taste over Coca Cola. Hence Coca Cola, instead of modifying their marketing strategies, saw the only solution to this problem as the introduction of the 'New Coke' with better and improved taste.
By launching New Coke, Coca-Cola contradicted its previous marketing efforts where it spent more than 50 years to attach an emotion (happiness) to their original product. This being the only reason the new coke was boycotted and the company was left with no option but to bring back the original product.

**Icarus paradox (Overconfidence)**
Sometimes, one of the most successful companies face the biggest brand failures because of their strengths and past victories, which resulted in over-confidence and lulled them into complacency that they feel reluctant in trying new strategies and sometimes even don't even care about their current and prospective competitors.

The Icarus Paradox refers to a Greek Tale of Icarus who burnt his feathers after flying too close to the Sun, even though he was warned against it.
Similarly, many big companies often burn their wings because of their overconfidence and extensive and unscientific use of some rule of thumb strategies (which helped them to reach the top).

**Example of brand failure due to Icarus paradox (Overconfidence)**
**Kellogs Brand Failure**
Kellogg's initial foray into the Indian market is generally agreed to have been a failure. Despite a high profile launch in 1994, consumers were not interested to repeat the purchase of Kellogs products. This brand failure shows the signs of Icarus Paradox as

- The brand was overconfident because of its success in other countries
- It overlooked many critical cultural insights of the Indian market. Here

are the reasons which led to the ***failure of Kellogs in India***

- The price was kept too high to convince Indian consumers to consider it as a daily meal and make a repetitive purchase. The product was bought just as a novelty.
- Kellogs overlooked the Indian habit of having a boiled& sweetened milk which made the crispy flakes go soggy as the company designed their products to be accompanied with cold milk.
- Kellogs enforced its established positioning strategy of being a morning breakfast which was no match to the usual gut-busting breakfast in India.

**Deception**
When the marketing strategies are built to cover up the reality, the brand doesn't last very long. It's true that not everything can be told to the consumers but the product has to compliment the brand promise or the company could get a great fall. Deception, at today's digital age, would no longer result in the success of a brand as the

consumers are much aware of the current scenarios and, with an increase in competition, aren't hesitant to switch over to a new brand. Such strategies may result in a decrease in brand equity and also affect the brand image of the business.

**Example of brand failure due to Deception**
**Volkswagen Brand Failure**

Until 2015, the brand best known for reliability, performance and environmental credential, Volkswagen was trusted by millions worldwide. But as soon as the truth about 11 million of its vehicle being equipped with a software program to dupe emissions testing was out, there was no looking back. The deceptive brand promise had made the brand fall to such a level that it now not only faces a £30bn lawsuit but a monumental battle to rebuild trust among consumers.

**Lack of Change**
The environment in which the brand functions is dynamic and requires it to change its marketing and branding strategies from time to time to keep up with the trend and to maintain and gain new consumers. In this age of the digital world, if a brand still sticks with print media, it surely lags behind many of its competitors. Similarly, if a brand fails to infer the current and future needs, wants, and desires of the customers, there are greater chances that it may lose to its competitors.
**Example of brand failure due to Lack of Change**

**Nokia Brand Failure**
Nokia sat on a wall, Nokia had a great fall.
This is the actual story of a brand which was once a market leader in mobile phones industry. Today, it has just three percent of the global smartphone market(which is a fifth of what it was in 2007). Nokia had a great research and innovation, the only place where it lagged behind was marketing. Nokia had a set of best hardware engineers but it overlooked the fact that the consumer preference was shifting from hardware to more of software. Hence, Apple (ios) and other companies like Samsung (Android) were able to crush Nokia and succeed in a comparatively short span of time.
**Brand Ego**

Sometimes, a successful brand, because of its ego, may get a feeling of ***megalomania*** and plans to spread its hands in every possible product category. This strategy might not work for every brand. Even Amazon faced losses when it launched its fire range of phones.
**Example of brand failure due to Brand Ego**
**Cosmopolitan Brand Failure**
Cosmopolitan is the world's most popular international women magazine. But this famous magazine, out of its brand ego, launched some edible products like Yogurt and fresh cheese in 1999 and predicted it to be an instant success because of the existing image of the brand. Any form of marketing, advertising, and promotion to spread the awareness was also refused by the management. These products remained in the market for more than a year but were removed as the brand concluded that they should stick with what they're good at.

**Brand Paranoia**
This is the opposite of brand ego and occurs when a brand faces too much competition or starts to loose much of its market share. This condition is characterized by reinvention of brand strategies in short spans of time, imitation of competition, and distorted public relations.
**Example of brand failure due to Brand Paranoia**
**Blackberry Brand Failure**
Blackberry was one of the market leaders in 2007, just before when iPhone was launched. BlackBerry didn't consider iPhone to be a competitor initially, perceiving it to be an enhanced mobile phone with playful features targeted at younger consumers. This was where Blackberry went wrong. iPhone turned out to be an instant hit and started to eat much market share of blackberry as it appealed to business professionals as well.
Blackberry, afraid of this new competition, did release a touchscreen smart phone – Storm. But this impulsive move was focused just to curb the competition wasn't backed up with research and innovation. Hence, the company received many complaints about the device's performance. This put even more pressure on the company and it started to loose most of its market share to the competition. Blackberry did try to comeback with the launch of its playbook, but it had already lost most of its brand equity till 2010, and playbook turned out to be a failure due to its high-price, low-feature, and low-performance.
Other symptoms of brand paranoia can be seen in the 17 different acquisitions by blackberry to add features and improve offerings through its products, none of which worked out.
Product and brand failures occur on an ongoing basis to varying degrees within most product-based organizations. This is the negative aspect of the development and marketing process. In most cases, this "failure rate" syndrome ends up being a numbers game. There must be some ratio of successful products to each one that ends up being a failure. When this does not happen, the organization is likely to fail, or at least experience financial difficulties that prohibit it from meeting profitability objectives. The primary goal is to learn from product and brand failures so that future product development, design, strategy and implementation will be more successful.
Studying product failures allows those in the planning and implementation process to learn from the mistakes of other product and brand failures. Each product failure can be investigated from the perspective of what, if anything, might have been done differently to produce and market a successful product rather than one that failed. The ability to identify key signs in the product development process can be critical. If the product should make it this far, assessing risk before the product is marketed can save an organization's budget, and avoid the intangible costs of exposing their failure to the market.

### 3.8 Defining product and brand failures

A product is a failure when its presence in the market leads to:
The withdrawal of the product from the market for any reason;

The inability of a product to realize the required market share to sustain its presence in the market;

The inability of a product to achieve the anticipated life cycle as defined by the organization due to any reason; or,

The ultimate failure of a product to achieve profitability.

Failures are not necessarily the result of substandard engineering, design or marketing. Based on critic's definitions, there are hundreds of "bad" movies that have reached "cult status" and financial success while many "good" movies have been box office bombs. Other premier products fail because of competitive actions. Sony's Beta format was a clearly superior product to VHS, but their decision to not enable the format to be standardized negatively impacted distribution and availability, which resulted in a product failure. The "Tucker" was a superior vehicle compared to what was on the market at the time. This failure was due to General Motors burying the fledging organization in the courts to eliminate a future competitor with a well designed product posing a potential threat to their market share. Apple has experienced a series of product failures, with consistent repetition as they continue to fight for market share.

Product failures are not necessarily financial failures, although bankruptcy may be the final result. Many financially successful products were later found to pose health and safety risks. These products were financial and market share successes:

Asbestos-based building materials now recognized as a carcinogenic—Insulation, floor tile and "popcorn" ceiling materials produced by a number of manufacturers.

Baby formula that provided insufficient nutrients for infants resulting in retardation —Nestle's.

The diet medication cocktail of Pondimin and Redux called "Fen Phen" that resulted in heart value complications—American Home Products (http://www.settlementdietdrugs.com/).

What successful products may be next? Frequent and high dosages of Advil are suspected to correlate with liver damage. Extended use of electric blankets are suspected by some to increase the chance of cancer. The over-the-counter availability and high use of Sudafed is feared by some physicians and is currently under review by the U.S. Food and Drug Administration.

**Product failures and the product life cycle**

Most products experience some form of the product life cycle where they create that familiar—or a variant—form of the product life cycle based on time and sales volume or revenue. Most products experience the recognized life cycle stages including:

1. Introduction
2. Growth
3. Maturity (or saturation)
4. Decline

In some cases, product categories seem to be continuously in demand, while other products never find their niche. These products lack the recognized product life cycle curve.

**Failure, fad, fashion or style?**

It is important to distinguish a product failure from a product fad, style or a fashion cycle. The most radical product life cycle is that of a fad. Fads have a naturally short life cycle and in fact, are often predicted to experience rapid gain and rapid loss over a short period of time—a few years, months, or even weeks with online fads. One music critique expected "The Bay City Rollers" to rival the Beatles. Do you know who they are? And the pet rock lasted longer than it should have, making millions for its founders.

A "fashion" is what describes the accepted emulation of trends in several areas, such as clothing and home furnishings. The product life cycle of a "style" also appears in clothing as well as art, architecture, cars and other esthetic-based products. The "end" of these product life cycles does not denote failures, but marks the conclusion of an expected cycle that will be replaced and repeated by variations of other products that meet the same needs and perform the same functions.

**The benefits of studying failures**

Gaining a better understanding of product failures is important to help prevent future failures. Studying the history of product failures may generate some insight into the reason for those failures and create a list of factors that may increase the opportunity for success, but there are no guarantees.

**Examples of product failures**

The following is an abbreviated list of product failures that may provide insight that will help to identify product and brand success factors:

**Automotive and transportation**

Cadillac Cimarron
Pontiac Fiero
Chevrolet Corvair
Ford Edsel
The DeLorean
Crosley
The Tucker
The Gremlin, the Javelin and a complete line of other models by American Motors
GM's passenger diesel engine
Mazda's Wankel rotary engine
Firestone 500 tire
Goodyear tires used on the Ford
Explorer Concorde—supersonic airliner

**Computer industry**

IBM's PCjr—introduced in March 1985
Apple's Newton
Apple's Lisa
Coleco's Adam
Percon'sPocketreader—hand held scanner, now operating under the company name PSC
Bumble Bee's software version of the book "What Color is Your Parachute"

**Entertainment**

Quadraphonic audio equipment
World Football League
Women's National Basketball Association
World League of American Football
United States Football League
"He and She," "Berrengers," every spinoff done by the former cast of "Seinfeld," and dozens of other television shows each year.
"Of God's and Generals," "Heavens Gate," "Water World," "The Postman" and other movies—with a disproportionately high number produced by Kevin Costner.

**Food and beverage**

Burger King's veal parmesan
Burger King's pita salad
McRib—and still being tested and tried
Nestle's New Cookery—but a successor, Lean Cuisine, is a big hit
Gerber's Singles—dinners in jars, for adults—early '70s
Chelsea—"baby beer"

**Photographic and video**

Polaroid instant home movies
SX-70 (Polaroid instant camera)
RCA Computers (Spectra-70)
Video-disc players
DIVX variant on DVD

**U.S. currency**

Susan B. Anthony Dollar coin—niche in San Francisco, Las Vegas
Two-dollar bill
Twenty-cent piece

**Other products**

DuPont's CORFAM —synthetic leather
Mattel's Aquarius
Timex's Sinclair
Clairol's Touch of Yogurt Shampoo (1979)
Sparq portable mass storage
Rely tampons
Relax-a-cizor—vibrating chair
Louisiana World Exposition—and its gondola

**Common reasons for product failures**

In addition to a faulty concept or product design, some of the most common reasons for product failures typically fall into one or more of these categories:

High level executive push of an idea that does not fit the targeted market.
Overestimated market size.
Incorrectly positioned product.

Ineffective promotion, including packaging message, which may have used misleading or confusing marketing message about the product, its features, or its use.
Not understanding the target market segment and the branding process that would provide the most value for that segment.
Incorrectly priced—too high and too low.
Excessive research and/or product development costs.
Underestimating or not correctly understanding competitive activity or retaliatory response.
Poor timing of distribution.
Misleading market research that did not accurately reflect the actual consumer's behavior for the targeted segment.
Conducted marketing research and ignored those findings.
Key channel partners were not involved, informed, or both.
Lower than anticipated margins.

Using these potential causes of a product or brand failure as a guide while you write your marketing plan can help you avoid committing the same errors. Learning from these "lessons" can be beneficial to avoid some of these pitfalls and increase the chance for success when you launch that next product or brand.

**International marketing failure**

The success of every single company planning to expand to the international market is decided by how well customers will welcome the brand. In the past, most companies who have engaged themselves in this process have learned the hard way, making it hard for them to execute easy cross-cultural campaigns as translating text from one language to the other becomes difficult.

Before you embark on expanding your market to the international market, it is crucial you consider some key factors that will allow the business to flourish. You must consider the cultural values of the region, their norms, etiquette, humor and slang when establishing a brand presence for international audiences. Admittedly, the process is expected to take some time, considerable research and some other resources as the global market are becoming increasingly crucial.

Take note that a product is accessible in one particular country does not guarantee it will transcend in the global markets. In the absence of a qualified cultural aware team, it becomes a big issue when trying to recreate messages that feel authentic and resonates with a foreign audience. Creating an awareness or advertisement for global universal use doesn't work, for example, if a company is targeting Africa as its market and fails to consider the cultural value of the particular country it's trying to focus, the business will fail.

In this wise let's take a look at a few International Marketing Campaigns that failed to translate

Pepsi

Pepsi is a favorite brand in the world just as coca cola when introduced to the Chinese market they came up with the slogan “Pepsi Brings you back to life.” Unfortunately for them, they did not know the slogan would make an entirely different meaning to the public translating to “Pepsi brings your ancestors back from the grave.” What a blunder in a country reference for ancestors has a significant impact on their culture. For such a market, such errors brought a negative impression to the people about Pepsi.

KFC

Just as some other favorite companies who did not take their time to make research made mistakes, fried chicken franchise KFC took off on the wrong foot when they tried to open their outlets in China in the late 1980s. As the company began its first outlet in Beijing, KFC accidentally translated its slogan “Finger Lickin” to good to eat your fingers off. At the end of the catastrophe, the company was lucky to overcome the mistake, and now it’s the number one restaurant in China with more than 4,400 branches in more than 850 cities in China.

Coors

The famous American beer maker also had its side of the mistake even though their own was not direct but happened as a result of language translation. “Turn it Loose” was their slang and when translated to Spanish gives an expression commonly interpreted to Suffer from diarrhea. Steps were taken quickly to change the slogan for the Spaniards not to feel bad.

Electrolux

Committing blunders are not only limited to United States companies, but Electrolux is also a Swedish vacuum maker who got a quick lesson in English slang when introduced its product to the American market. The company thought it was highlighting its vacuum’s high power with its slang nothing sucks like Electrolux. Even though the slogan is grammatically correct, it never really took off with U.S Shoppers.

Pampers

Some companies sometimes fall into problems overseas not because of what they say but how they present it to the public. Proctor and Gamble were the sellers of Pampers diapers in Japan; the product used an image of a stork delivering a baby on the packaging. U.S users don’t in any way have a problem with this, but the Japanese parents were not comfortable with the logo. Efforts were made to change the logo so it can give a different meaning to the public.

Braniff Airlines

Braniff Airlines got into a problem in the year 1987, when it started hyping it new leather seat south of the border of the United States with the slogan that matches the campaign ongoing in the U.S “Fly in Leather” meanwhile it has a Spanish translation “Vuela en Cuero” meaning fly naked. The translation is appealing to some travelers while it was far from the message revealed to foreigners.

HSBC

HSBC never had any option than to rebrand its entire branding operations after bringing a U.S campaign overseas. In 2009, the world most popular international bank spent millions of dollars worldwide on scrapping it popular five years old slogan “Assume Nothing.” Why is because as the slogan was taken overseas and translates to something worse meaning “Do nothing.” The company had no choice than to spend an average of $10 million to change its tagline to “The world’s private bank” which has a more faithful translation.

Pepsodent

In a bid to expand its business, Pepsodent a toothpaste producing company took its products to Asia emphasizing that it whitens the teeth. The product could not gain grand as the locals prefer to go with their local chews betel nut which blackens their teeth, and unfortunately, they find it attractive.

## 3.9 CASE STUDY: AIG

Corporate failures do not come much bigger than the once-mighty AIG. Envied in the insurance world for its consistently big increases in premium income and profit, it was only one of two major players in the sector to enjoy a coveted AAA rating.
AIG grew with breathtaking speed to become the world’s largest insurance group, reaching a peak market capitalisation of $213 billion in 2001. At the end of the third quarter in 2007, AIG’s consolidated assets were $1.072 trillion and shareholders’ equity was $104.07 billion; in early 2008, it was the 18th largest public company in the world.
Less than a year later it had notched up annual losses of nearly $100 billion and had to be rescued by the US government with a lending facility of $182.5 billion, meaning that it had effectively been nationalised.
AIG’s weaknesses stemmed in large measure from risk blindness and the overriding need to grow the company and its profits by 15% per year in an often extremely competitive environment.
It all started to go wrong when then New York Attorney General Eliot Spitzer accused the company of bid-rigging with insurance brokers. Although nothing was ever proven against AIG, another even more serious allegation was substantiated: that AIG had produced misleading accounts and used spurious reinsurance policies to inflate profits.

One executive went to jail, and the company paid out $1.6 billion to settle civil charges, while former Chairman Maurice “Hank” Greenberg himself paid $15 million to settle SEC charges that he had altered AIG’s records to boost results between 2000 and 2005.

The resulting fall in share price and, above all, reduced security ratings were a body blow to the company’s financial products operation in London. When the AAA rating disappeared, it became more expensive for the company to post cash collateral for its derivative products, destroying profit. And worse was to follow.

The really devastating news came next in the shape of the subprime crisis, which destroyed AIG’s credit default swap portfolio. An apparently risk-free source of wealth turned almost overnight into a liability of almost unimaginable proportions.

This is a classic example of risk blindness caused by a desire to pursue profit at almost any cost. Lessons to be learnt include:

- Always question the causes of success. Something that appears to be too good to be true probably is.
- Beware the cult of personality. Too many of Greenberg’s decisions were never adequately questioned by those around him.
- Have strong and independent nonexecutive directors. AIG’s NEDs were, overwhelmingly, personal friends of the chairman or loyal colleagues or senior politicians and officials not chosen for their understanding of insurance.
- Beware complexity. AIG’s structure, like some if its products, was extraordinarily intricate.
- Ensure that risk and remuneration are correctly aligned. As with some banks, traders in the financial products division made a killing when profits were high, but (apart from losing some of their bonus money) were not liable when the risks they took went sour.

**3.10 Summary**

After closing a business may be dissolved and have its assets redistributed after filing articles of dissolution. A business that operates multiple locations may continue to operate, but close some of its locations that are under-performing, or in the case of a manufacturer, cease production of some of its products that are not selling well. Some failing companies are purchased by a new owner who may be able to run the company better, and some are merged with another company that will then take over its operations. Some businesses save themselves through bankruptcy or bankruptcy protection, thereby allowing themselves to restructure. There are several consequences towards the owners/shareholders, such as limited liability, the finance and the continuity (if a shareholder does not want to continue in the business).

**3.11 Self-Assessment Questions**

1. Write a note on following

Causes of corporate failure

Brand failure

Risk behind corporate failure