

Complete the text with words made from the word given in brackets.

All business activities carries risk, and any company can fail. Cashflow is not the same thing as profitability, and a common cause of _____ (FAIL) is rapid growth, causing costs to rise _____ (STEEP) ahead of income.

The causes of failure are complex. Once-stable markets go into decline, reducing income and cashflow. _____ (OPERATE) problems create large, _____ (FORESEE) costs that eat up profits. Investors begin to lose confidence, the share price falls, credit ratings are reduced and it becomes more difficult to borrow. _____ (PROFIT) parts of the company may be sold off to raise cash; this works in the short term, but long-term revenue declines.

Sometimes the senior management team is changed, also known as corporate restructuring, in the hope that new managers will make a _____ (DIFFER). However, studies of US companies that change their top management in response to crises show that only one-third make a full _____ (RECOVER).

As a last resort, _____ (DECLARE) of insolvency or _____ (BANKRUPT) can create a breathing space, and compel _____ (LEND) and investors to come to terms with problems and bear some of the _____ (LOSE). Not every _____ (SOLVENCY) company is written off; many recover and return to _____ (SUCCEED) trading. In other cases, insolvency exposes deeper problems. Then the only choice is _____ (LIQUIDATE), with assets sold at auction and staff made _____ (REDUNDANCY).