



Managing the “down turn” – tips for Business.

Read the financial press daily and form a judgment.

- 1.** Map your sales trends and order-intake diligently and work hard to create credible sales forecasts going forward.
- 2.** Know your costs – and reduce them, consider charging more where you need to, or both.
- 3.** If you don't already, prepare detailed monthly accounts promptly, review these carefully and share key information with your bankers.
- 4.** Prepare accurate cash-flow projections and update these regularly.
- 5.** Review an up-to-date balance sheet regularly and check your company's resilience to hard times, to identify where your cash in the business lies, whether it is working as productively for you as it needs to, and what you may need to do to strengthen it before times get harder.
- 6.** Check your stock-levels and stock turn-over.
- 7.** Review who has the authority to make purchases in your business and set levels beyond which you or a senior colleague need to sign these off. And don't buy if you don't have to!
- 8.** Review the costs of all the major items you purchase and be willing to ask for price-reductions, more bulk discounts, longer payment-terms or prompt-payment discounts, a loyalty bonus for continued payments, free delivery or whatever else you may think off
- 9.** Consider also cheaper suppliers – or even more reliable suppliers.
- 10.** Check your Terms and Conditions of Purchase and make sure you are not being asked to pay suppliers quicker than may be reasonable and consider asking them to hold strategic stock for you.
- 11.** Credit-check all new prospects before accepting an order and establish strict credit limits for all customers. This is a tight discipline, but is particularly essential if you want to insure against any bad debts, as you might well?
- 12.** Check your Terms and Conditions of Supply too and, in particular, your payment terms to customers; and don't let slow and late payers off the hook without your prior agreement.

- 14.** Monitor your aged-debtors regularly and be firm but fair in declining to do further work for them without over-due debts being cleared first. Build a regular dialogue with slow payers and work them closely to help them pay you as contracted to.
- 15.** Have the courage to stop dealing with loss-making customers or supplying loss-making products or services. Remember: volume for its own sake is vanity!

16. Check all other expenditure, including personal expenses and company credit cards, and make sure your colleagues know you are doing this!

17. Review any bonus schemes you may have and consider new ones? Remember: most businesses get from their staff what they reward. In any market conditions, but especially in a down-turn, selling more to existing customers is always easier than winning new ones. So:

18. Make sure you have 'good' customers, however demanding, who value what you do for them and pay you a fair price reliably.

19. Make sure you know all your key customers and prospects really well, including their decision-makers and purchase-influencers at all levels.

20. Ask them how well you are meeting their needs at all levels and deal with any possible complaints promptly.

21. Find out their future intentions, not just to guide your sales forecasts but also to reveal new needs you may wish to supply.

22. Seek a larger share of their business, perhaps with longer-term contracts.

23. Cross-sell your other products or services they don't already buy.

24. Ask them to recommend you to others they know, whom you do not but would like to.

Look after your most critical suppliers and prospects

Most businesses have at least several really important suppliers on whom they are dependent, at least in the short-term – and this may include your bankers and advisers as well as suppliers of more tangible goods. So:

25. Build your relationships with them, not the least so you may call in the occasional favour should you ever need to.

26. Ask them for their market intelligence, to guide your forecasting ahead.

27. Pay them promptly, on the nail, and tell them early if you can't. Good suppliers will almost always be sympathetic to a good customer who has short-term cash-flow problems, but will be much more likely to cut and run from a customer in difficulty who doesn't pay on time.

Look after your staff

Good businesses need great people. All the lessons from previous down-turns suggest that when staff start to fear for their future, it is often the best who leave first. That is the last thing you need! So:

28. Talk regularly to your employees both privately and collectively, keep them informed, and trust them so they may trust you. Nature abhors a vacuum and, if you don't keep colleagues as up-to-date as best you reasonably can, they will draw their own conclusions - which may, quite likely, be completely wrong! Some matters may of course be too private to share openly, but never forget that their futures will be on the line in hard times as well as yours?

29. Offer a clear picture of where the business is and where you want to go. Then, live it and breathe it? (It's called 'leadership'!)

30. Set specific challenges and targets with some fun, whether in reducing unproductive...stock, collecting bad debts, reducing costs, improving customer satisfaction, winning new business, solving old problems, developing new products or meeting any other relevant targets you might find helpful.

31. As best you can, keep on investing in skills training, management development, process and IT development, top-level networking, strictly focussed marketing and promotion, and service/product development. Don't 'spoil the ship for a ha'p'orth of tar'!

32. Address any staff misfits early. In hard times where some sacrifices may be needed from all, good teams can be poisoned by any colleagues not perceived to be pulling their fair weight. Don't take any short-cuts here; due process is vital to ensure a possibly concerned staff know that all will be treated fairly should times get harder.

Prepare for the up-turn!

Recession, tightening of money-supply, nervousness in investor confidence, decline in customer-demand, inflation, shortages of key commodities, adverse currency movements, economic and political uncertainty - they all come and go. Fortune often goes to the bold in such circumstances – but most often to the well-prepared.

However, the greatest challenge for a well-ordered business can be none of the above features of a down-turn, but the problems of surviving an up-turn. Strange? – but true.

Not the least, many inevitably enter this more positive phase of any economic cycle with weak balance sheets, demoralised staff and a lack of previous investment.

So even in a down-turn:

33. Don't lose faith – and don't panic! Be clear about your business goals and values, keep your business model under constant review by all means, stay agile and keep all your relationships at work and hope in good order.

34. Keep with those who also share your faith – investors, suppliers and above all customers and staff, and share any short-term pain equitably;

35. Look for new opportunities. These could be in any form, from companies to acquire who were less well-prepared than you; new technologies with promise that struggled to find a market in the down-turn; new members of staff who were made redundant from other companies with skills you may greatly value; renewed business relationships cemented from past shared-support in harder times; and inevitably new markets that you may have been forced to explore in the down-turn.

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