



Top Tips for “Surviving the Slowdown”

Cash is King

- Improving your cash position must be your primary focus. A profitable business can still fail without cash.
- Review your credit control system, considering all elements. Tighten this up where possible, ensuring you have procedures in place to monitor cash going in and out of the business.
- Negotiate creditor terms and proactively manage debtors.

Team

- Review your team resource and if necessary make difficult decisions.
- Retain the good people - tie them into the business. Offer share options to encourage key people to stay.
- The way in which tough decisions are communicated is crucial in maintaining performance, morale and motivation. Manage internal communications and safeguard against panic.
- Two way communication is necessary to get close to reality and to uncover issues as they happen. If issues are allowed to fester, uncertainty amongst the team will breed.

Finance

- Maintain regular and open communication with your funders. Let them know as soon as you can before cashflow difficulties arise.
- Build your relationship with your bank and borrow money sooner rather than later.
- Diversify your finances and consider other sources, e.g. confidential invoice discounting, asset finance and operating leases.

Customers

- Stay as close to your customers as possible - communicate regularly and understand their situation.
- Reduce bad debt potential - check the financial viability of new customers by purchasing a credit report and ask for pre payment if necessary.
- Win on service. Customers are likely to give you more business when they recognise that you value their custom.

Suppliers

- Review and change your terms with suppliers.
- Let them know as soon as you can if cashflow difficulties are likely.
- Look at alternative suppliers for potential savings, e.g. emerging markets.

Costs

- Review all costs that the business incurs - be strict and consider whether each one is really needed - there will be savings to be made, no matter how small.
- Don't drop your prices unless you really have to - safeguard your profitability.

Sales

- Continue marketing your business and actively seeking new work.
- Concentrate on your existing customer base and offer added value services to your best and most profitable customers. Remember the Pareto principle: “80% of your sales come from 20% of your customers”.
- Diversify. Consider complimentary products or services you would offer to make up potential deficits in general trade.

Systems

- Leave no stone unturned. Examine the way in which you work and how your business operates.
- Is your business working in the most efficient way? Departments may be working well in isolation but are they all working well as a whole?

Management Information

- Have this on hand, ensuring regular management accounts and cash forecasts are available. What you can measure you can manage.
- The information should be up to date and available on a daily basis.

Leadership

- Lead from the front and stay positive.
- Be honest and communicate clearly, consistently and regularly. Don't avoid reality.
- Keep teams engaged, motivated and focused on performance.
- Promote a supportive and positive culture.

Opportunities

- Staying close to your competitors can help you uncover opportunities. If they are struggling, you should be targeting their customers and winning the business. Mergers and acquisitions can present you with a whole new customer base.
- Businesses may be forced to let key members of staff go. Look out for quality team members on the market for employment.

Consult

- If you are worried about your business, don't sit back and relax or bury your head in the sand. Speak to people and seek advice.



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