

10 TIPS

to survive these hard times

Compiled from
web resources

Courtesy - Sunil Bansal



1. Manage your creditors

- **Let creditors know** when there is a problem with paying them – as early as possible.
- **Explain** to them why you are unable to pay on time and, very importantly, when you expect to be able to pay (based upon **realistic cash flow forecasts**).
- **Prioritise** sticking to what you have promised them, **creditors** will be far more supportive if they know you keep your word.
- If you are unable to pay what you have promised, again - **call them in advance** and **explain** what has changed.
- Above all, **be open and honest**. Most creditors want to work with someone who is being open and honest and trying to ensure that they are paid.

2. Manage your cash flow

- Ensure you **plan ahead**, on a monthly basis as well as on a daily basis when things are very tight.
- The monthly **forecast** can help you **to plan** your proposals to creditors.
- The daily forecast helps you to **ensure** they are met and not damaged by timing differences during the month.
- Ensure you have a cash flow spreadsheet that makes it easy to **move payments** around as you re-assess priorities based on actual experience.

3. Reduce overheads – sensibly

- Clearly, reducing overheads makes sense always! More so when things are tight.
- However, do this very carefully so as **not to damage** the sales that will get you through.
- Any cuts that have a negative effect on **customer service** make your customers easy prey for your competition.
- Similarly, cuts in advertising & marketing could reduce your opportunity to **stand out from your competitors** who may have cut theirs.
- Be clever with your overheads. You may be able to save in many areas by changing suppliers, or renegotiating. Sometimes, these areas have not been looked at for years.

4. Acknowledge your situation

- It is important to realise where you are financially, in time.
- It is very easy to go on as normal, paying creditors because they are due, and then realise you don't have enough to pay: an absolute showstopper.
- Acknowledging the impending problem and delaying payments to the lower priorities while you still can, means you can pay the high priority ones when they fall due.
- The lower priority ones are those that won't pay you back or bring any future returns!

5. Re-asses other assets

- As soon as you can predict the business slowing down, re-assess your stock holdings and any other assets you hold in advance.
- In some areas you may be able to buy nothing for a few months as you are using less and requiring a lower minimum stock level.
- You can apply this to other areas such as printing, stationery, personal protective equipment, etc. as well as raw materials.
- Consider a just-in-time approach if suppliers' lead times allow.

6. Consider alternative financing

- It may well be that as times get difficult some of the financing methods you have previously used are no longer available.
- This is a particular concern in the current climate given the tightening up of the credit markets.
- Alternatives such as factoring or invoice discounting can provide a way of funding working capital other than a bank overdraft.
- There is still money waiting on the sidelines. Enhance your marketing and be dynamic.
- Consult experts on alternate financing possibilities.

7. Focus on the important numbers

- It is always important to focus on the key numbers that drive the business - in a downturn, it is vital.
- Ensure you have reliable, fast, clear and concise reporting of the numbers that determine success or failure for your business.
- It is very easy in a crisis to focus on survival and stop doing the only things that will ensure it!
- Take this opportunity to revise and clarify your processes and reporting methodology.
- Crosstree Advisors offers consultancy services to clients to help them to improve their reporting.

8. Plan for the other side

- Remember, the plan is to survive and succeed when things pick up.
- The latter is as important as the former.
- In the pursuit of survival, it is easy to sacrifice the things about the business that make it worth saving.
- Ensure that all of your plans take into account of how you intend to build the business when things improve.
- Preserve your unique selling points at all costs.
- Assess and ensure you preserve your human resources, specially those who're unique to your trade.
- Take advise from CrossTree.

9. Re-assess your business plans

- Although you must plan to come out of the other side, it is just as important that you do not proceed with business as usual while the world you are operating in changes.
- Work out how these changes are likely to affect you and look at how you can turn them to your advantage.
- Many businesses can prove very successful in a downturn, while others get caught up in the doom and gloom.
- **Re-assess** your business plans - don't just shelve them.

10. See the bigger picture

- All things pass.
- Don't let short-term external factors deter your business from its longer-term vision.
- In most cases, these external factors have a far lesser impact on the performance of a business than the actions of its management and employees.
- Don't fall into the trap of using the economy as an excuse – the success of your business is largely down to you and your colleagues.
- Retain your human talent. Most companies make the error of losing their best in these troubled times.

End of Deck

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Thank You

