

“ARE YOU WORRIED ABOUT HOW A RECESSION MIGHT AFFECT YOUR BUSINESS? DISCOVER TODAY HOW TO RECESSION-PROOF YOUR BUSINESS!”

Australia, like the rest of the world, is facing the probability of a recession next year due to the global financial meltdown. Consequently, many business owners fret that a recession will mean fewer customers and reduced sales as people limit their discretionary spending. Therefore, it's critical for business owners to take steps NOW to minimise the damage to their businesses that could happen as a result of a recession.

Many organisations during tough times take the traditional approach and make the mistake of initially cutting back expenditure and laying-off staff. These measures only focus on controlling costs and addressing short term needs. This one sided approach can be harmful to your revenue and does not position your organisation to capitalise on the return of better times.

Here are some practical tips for recession-proofing your business.

1. Stay focused on your long term goals. There is nothing more destructive than business short sightedness. You may experience rough times, but do not get too distracted in the present situation. Rather keep focused and make every decision beneficial to the present and the future.

2. Control costs. Great organisations have a willingness to listen to everyone within the business and pay close attention to their ideas and suggestions. Employees will often have powerful money saving ideas. There is no better time to implement these measures than during an economic slowdown, but make sure that these reductions do not impact revenue in a negative way.

3. Control inventory. During harder times, the last thing you want to do is get stuck with piles of inventory. Move to a just-in-time ordering system, establish inventory targets and make sure your sales and purchasing staff are communicating.

4. Use effective marketing and communication strategies. The first and easiest reaction for many businesses is to cut marketing and communication expenditure. This can have a detrimental effect on future revenue streams for the business. During a recession you need to re-assess your marketing strategies to make sure they are cost effective. If you are not seeing a good sales effect from every dollar spent on promotions, then you are wasting valuable resources.

5. Maintain prices. During quieter times you may be tempted to slash prices to generate more business. Generally, this is a poor strategy, as it dilutes the value of your product or service and also reduces your profit margin in the process.

6. Deliver outstanding customer service. When money is tight, customers often expect more for their dollar. If you want to keep their business, you must keep them happy. Ensure that every step of the customer experience delivers a customer-focused approach. The use of flexible payment arrangements is often regarded positively by customers. You may also like to conduct customer satisfaction surveys in order to make sure your customers' needs are being met.

7. Listen to your customers. During a downturn many of your customers will be feeling the pinch and they may have suggestions for your business. Don't take their suggestions lightly as they may be offering you an entirely new and profitable product and service line.

8. Invest in employees. During a recession most casual and non-essential staff are typically reviewed and stood down if necessary. However, some businesses make larger layoffs and what needs to be remembered is that most economic downturns are short-lived. Permanent employees that are asked to leave during a recession will have to be re-hired—which is costly for companies in the long run. During recession times talented people will leave or be let go by your competitors and if your company can afford them – this is a terrific time to add their skills, experience, fresh thinking and ideas to your company. At the same time, your current staff's morale will remain high as they won't feel threatened by layoffs.

9. Improve your cash flow. Delay purchasing any non-essential capital items. If you are feeling the pinch during uncertain times ask your suppliers for extended payment terms. This is also a time to collect all outstanding debts. Having cash on hand will help your business meet commitments to staff and suppliers and facilitate the future growth of your business.

10. Streamline and systemise. Create processes and systems that keep your operations flowing smoothly - and save time and money in the long run.

Many people worry about how harder times will impact their business, but the truth is that businesses can prosper in recessionary times by applying sound and effective business strategies. Importantly, it is essential to take greater control of all facets of your business and monitor your performance on a regular basis.

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