

## What should I be prepared for?

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My business is in decent shape, and I want to keep it that way. But I'd be interested in your thoughts about what I, and my business, should be prepared for, in these uncertain economic times.

While no one has a crystal ball, we can make educated guesses. Erring on the side of caution will help. Plan to be self sufficient. Focus on quality growth to keep your business safe.

Start by putting together a short term plan. Show how you can operate profitably every month for the next 6 months. Expect that you'll have to be 50% better in sales, in order to maintain your current close ratio – define how! Make sales growth, with quality accounts, your #1 priority. Expect customer attrition to go up by 10% - 30% - have a replacement plan! Set a reserve for accounts receivable that could go sour. Focus on reducing risk and improving productivity.

Next, go to mid-range solutions. Draft a 3 year income and expense guesstimate, defining how to fund all shortfalls internally. Lower risk, don't eliminate it. Lay out a plan to build a war chest of reserves – if you can get to 6 months in the bank you'll sleep soundly at night.

Accurately and honestly assess your businesses' current position. What makes the business strong? What has to be done to eliminate or shore up weaknesses? Are you bleeding money anywhere, and if so, how quickly can you act to turn that around?

Now, get a second opinion. Contact your accountant, lawyer, business advisor and other qualified experts. If you don't have strong advisors on your team, now would be a good time to get a strong team together. Show them your short and mid-range plans. Ask them to assess your business, and tell you what they see.

Here are some questions you can ask to baseline the company at present. Are sales up or down? Is your sales force doing a good job qualifying and closing leads? Is your marketing department is teeing up more leads than ever? Are customers raving fans? How well does Sales do at getting the right customer in the door? How often can Operations deliver on time, in budget, at or above quality standards? Are employees on board and fully supporting the company? How good is communication across all departments? How many strong individual players and teams do you have, who know what the company wants and are working to make it happen? Answers to these questions will tell you where you need to put time and attention.

Now let's talk about risk. Don't put the business and its future cash flow in jeopardy by trying to do too much at once. Ask: How many chances am I taking on at one time? How well prepared am I to work through any downside risk? How much do I have in reserve funds? How much would I have left in reserve if the risks I'm taking don't pan out?

Be careful not to risk payroll, taxes, or money you need to pay basic bills. Make sure you have a reserve fund with at least 1 – 3 months of operating costs. Realistically decide how much you, personally, are willing and able to put back into the business, if needed.

Prioritize funding for sales and marketing results. This will produce fuel for the business' future. If you plan to invest in operations projects, ask yourself this. Will the cost of improvements yield 2 – 3 times that amount in savings? Can savings be achieved within a 6 month – 1 year window?

If you've been on the fence about whether to keep or let go of certain employees, do an evaluation first. Find out if you're missing information about what each employee does. If someone isn't pulling their weight, give them a short – 1 month or less – deadline to turn it around, and make certain they know they're facing consequences up to and including termination.

In today's market, there are a lot more people looking for jobs than there were a year ago. Don't be afraid to look. Post some job ads. Take a look at what's out there. Compare candidates to the staff you have on board.

If you have great employees, talk with them honestly about the challenges facing the business. Now is not the time to hand out large year end bonuses, unless you can afford to do so and preserve reserve funds. Communicate regularly about what you're doing to steer the ship properly – that will build employee confidence that they're in the right place. Ask employees to contribute to solutions, so that they have a sense of involvement and control.

Looking for a good book? Try *Small Business Survival Guide: 12 Surefire Ways for Your Business to Survive and Thrive*, by Barbara Weltman and Jerry Silberman.

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