

1. Seek advice

Don't be too proud to ask - help is at hand

You are not expected to know everything about business – no one does so. Don't be afraid to seek advice and get some professional help. Admitting you need help it is **not** an admission of failure.

There's an array of business support and advice available for you to take advantage of, all set up to provide dedicated business support to start-up, new and growing small businesses. With so much information, it can even be confusing to know where to start.

Why not start by looking at www.harrowinbusiness.com or alternatively call us or make an appointment to speak to an advisor on 020 8427 6188.

We can help find what you need and looking for or more if you need it.

2. Monitor the Cashflow - Cash is still King

Most businesses fail in a recession through lack of cash.

Managing your cash flow is the single most important thing you can do.

Keep your financial information up to date and maintain a clear understanding of your cash situation by reviewing your projections as well as trying to reduce stock levels.

Forward Plan your cash flow requirements carefully, allowing for the differences between the payments terms you receive from suppliers and those you give to customers.

Strictly monitor your cash-flow so that you spot any potential difficulties early. If you're unlikely to be able to pay a supplier on time, talk to them as soon as you know – the earlier you talk to them the more flexible they are likely to be – remember they won't want bad debts either. Don't wait beyond the due date and risk incurring interest charges or late payment fees.

When you spot cash flow difficulties in advance, speak to your financier or Bank Manager as early as possible - again the earlier the better. Despite what you hear in the news, the Banks are still lending and the earlier they know there is a problem the more they can do to help you.

If you have short-term capital or cash flow constraints contact Harrow in Business for one to one advice on 020 8427 6188 or click: www.businesslink.gov.uk/realhelp/finance for an overview of what might be available.

3. Manage the Debts don't let them build

Remember it isn't sold until its been paid for

It is inevitable during any economic downturn that your customers will want to take longer to pay or simply just not pay you on time. If you allow outstanding debts to accumulate, you will soon run into difficulties.

Make sure you have a payment policy in place, and ensure your terms of business allows for you to add interest on overdue unpaid invoices. If you don't have a policy put one in place quickly.

Once you have a policy, stick to it and communicate this clearly and frequently to your customers as they order. Move to receiving payment or part payment up front, if you can

Issue invoices promptly and ensure you chase up outstanding debts on the due date and be prepared to follow this up vigorously with phone calls and letters.

4. Cut prices at your peril!!!

Cut price Sales are not what they seem

When sales begin to fall its always tempting to cut prices to keep the customers coming in but this can be a mistake. Cutting prices could have a longer negative effect on your image by devaluing your customer's perception of your quality and expect more discounts in the future. If you are going to cut prices make sure it's only for a fixed time period and stick to it or you will end up having an eternal expectation of cheaper sales prices.

Be especially cautious about cutting prices in the face of rising costs as this will only serve to reduce your profits making more vulnerable. Ensure you negotiate hard with suppliers to ensure you are getting the best possible discounts.

5. Be brutal in cutting the costs

Cutting costs saves money

Try to keep **all** outgoing costs to a minimum and get all your monthly fixed payments down. Think of your business as an extension to your home. The advice of turning off lights, double sided printing and reducing the temperature on the heating applies equally to businesses as it does homeowners. So put a prudence policy in place now.

Can your utility bills be reduced by switching suppliers or reduce waste by changing the way you operate.

Review your premises and see if you can reduce rents or move to cheaper premises. There is always a glut of office space in a recession. If you have employees, involve them, ask them for their suggestions and ideas remember cutting costs may well save their jobs too.

6. Look after employees

It's their livelihood too

Cutting back on staff may be inevitable in some circumstances - but you should try to retain your key people. Their strengths compliment your own and will help you through economic difficulties and will need them as things start to improve. Remember training new staff is expensive, better to motivate and retain those you have than to start over. Use the downturn as a learning experience a way in which to grow skills, improve customer care and develop newer staff.

If you do need to reduce staff, ensure you do it properly and professionally a useful guide with full details on redundancy and you responsibilities as an employer can be found at <http://www.acas.org.uk/index.aspx?articleid=747>

Again, seek advice if you need to.

7. Keep on the marketing

It's easy to get into a mindset that cuts all spending to the bone. The learning from previous recessions is that the smarter businesses carried on marketing through the downturn. It may simply be a case of not more but smarter marketing to maintain this position but these businesses were better paced to take advantage of the market place when things started to improve.

The adage of "when the going gets tough, the tough get going" comes to mind. You may need to be more aggressive in your marketing just to maintain market position.

Press releases, good news stories will still get printed and these stories become more in demand by the press to offset the doom and gloom.

If you don't have a marketing plan in place – now maybe is the time to get one.

8. Planning, planning and yet more planning

Sound planning is vital to the success of your business at any time – more so during a recession. However, it's not just about planning how to batten down the hatches and weather the storm, for sure you need to be thinking strategically about how to get through the recession, but also about what happens as you come out of it.

Tax planning and personal finance planning are essential – and if you have an up to date business plan, which maps your thinking and journey through the recession, it will prove an invaluable guide and be ready to hand should you need to raise finance at short notice.

Get planning!!

9. Maintain and improve on customer loyalty

Finding and attracting new customers in a recession will prove more difficult.

As always, it makes sense to look after the customers you have, more so during a downturn - you should consider ways of rewarding their loyalty. This can be through selected discounts, if you must, (especially for early payment), regular contact, mailings etc, and loyalty cards or simply by communicating with them more frequently and often.

The council is also working on a buy local / shop local campaign details can be found at www.harrow.gov.uk

10. Stay Positive

That's easy to say but harder to do I know, but keeping your vision fixed on the future will help. With a bit of focus as well as a realistic and practical approach, you may come out of the current difficulties stronger and with a better managed and stronger business. Remember you're not alone in this help is at hand. Spending time networking with other like minded positive business people is time well spent as a positive mental attitude is contagious.

Advice for businesses

Harrow Council is fully committed to helping support businesses through the current economic downturn and has launched a package of schemes and measures to minimise the impact for small businesses that are most affected.

The key measures are outlined below:

Business rates

You can now pay your rates over 12 months rather than the normal 10 –this helps your cash flow and is easy to set up through a direct debit which can be downloaded from www.harrow.gov.uk/businessrates .

Rate relief

If you are a charity, small business or are experiencing financial hardship, you may be eligible for some business rate relief. To find out whether you are eligible click on to www.harrow.gov.uk/raterelief or alternatively speak to someone on 020 8424 1412.

Council owned commercial property

We have various flexible packages are available – e.g. monthly rent rather than Quarterly in advance.)

If you own a small business in Harrow and would like to find out more about any of these schemes please contact the Business Rates section on 020 8424 1412 or the Economic Development Team on 020 8736 6539 or email edo@harrow.gov.uk .