



nerej

Helping small businesses through tough economic times

August 27, 2008 - Front Section

For small business owners, everything is amplified. For instance, the landing of a large new account is not only a professional success, it's a personal success that can mean long term financial security for your family. At the same time, every setback, small or large, hits even harder. When times are tough for the overall economy, they are exceptionally tough for small business owners.

Last month, Discover Small Business Watch found that economic confidence among small business owners dropped to a record low. Nearly 80% of small business owners thought the U.S. economy was getting worse. With the prices of goods rising nearly every participant in the American economy is feeling the pinch. It's unavoidably trickled down, your customers are probably looking to change behaviors and cut back. The result for you and your small business: reduced opportunities, stagnant cash flow and slimmer profit margins.

Therefore it's important that a small business do all it can to survive. A little bit of innovative thinking and belt tightening can go a long way and for entrepreneurs, this should come naturally.

*Here are some tips that can have a big impact on your bottom line: Show me the money: An important aspect of getting paid on time is clearly articulating expectations with your customers. Boldly, but respectfully, emphasize what work was done, how much should be paid and when the money is due. Consider offering a pre-payment discount or incentive.

*Tech-savvy: Use technology efficiently. Technology and frugality can go hand in hand. Consider Web-based accounting software and video conferencing. Embracing the Web can save money while simultaneously providing education on important tech advances in the business world. Similarly, use multi-tasking tech products approved postage.

*Boost sales: Charge for products or services currently given away for free or consider raising prices. At the same time, focus on selling more to existing customers instead of prospecting for new ones.

*Market smart: Save on time, phone bills and aggravation. Try using targeted email sales pitches. Additionally, spruce up the company website. The virtual address of a business has become more important than the physical address.

*Stay visible and helpful: Keep in touch with customers. Ask how their business is going. Confirm that you have been a helpful partner for them and then for referrals. Contact dormant customers and inquire about business needs.

*Inventory in motion: Is inventory producing or just taking up space? Examine customer purchase patterns to determine if it is possible to shorten the overall holding cycle.

*Keep workers working: Cut down on unnecessary employee trips outside of the office. Purchase a coffee maker or buy soda for employees; it saves them \$4 at Starbucks and the business minutes of lost productivity time. Also consider streamlining common business errands: order office supplies online and take advantage of online shipping solutions. Additionally, there are now discounts

available on USPS shipping costs for using online services like Endicia Internet Postage.

*Don't cut the perks: Cutting little employee perks can make people feel undervalued and potentially lead to employees leaving. The small extras tend to be taken personally. Keeping perks maintains employee confidence in your business's strength and can inspire them to go the extra mile.

In the end, it's up to each small business owner to decide what his or her priorities are when it comes to braving tough economic times. Thinking outside the box is part of the entrepreneurial lifestyle, when first starting a business and furthermore when guiding its growth. Adapting and overcoming the challenges of today will make your business even stronger in the years to come.

Joseph Cardamone is president of the USFSB.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540