

# 5 Strategies to Keep Your Business Healthy During Interruptions

Resources for Small Businesses  
COVID-19 Response



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## KEEP CLOSE WATCH ON CASH FLOW

- The difference between surviving and going under when times are tough depends in large part on understanding cash flow. Your cash flow statements are important because cash is the lifeblood of any business. It is vital that a business owner plans and understands the status of the business's cash flow. Also remember when calculating cash flow that cash does not necessarily equal income; one of the most important aspects of analyzing your cash flow is to make sure there is enough cash to operate your business. To do this you need to carefully monitor your cash flow.
- Limit credit to customers - Cap the amount of credit you're willing to extend. Get partial payment for services up-front and bill upon completion of phases of a large project.
- Review and revise your collection policy - If you normally wait two months before calling a delinquent customer, accelerate the time to call - the longer you wait, the less likely it is that you'll collect the money.
- Look into a working Line - Having the line in place will help you if things sour or great opportunities happen, and you want to act quickly. A line of credit is sound borrowing - you only pay interest on the money you take from the line.
- Speak with your current lenders now to begin looking at options for a loan deferment even if only interest only.



# TRIM OVERHEAD

- If revenues are down, you can maintain profitability or minimize losses by cutting your expenses. No expenditure should be considered sacred.
- Reevaluate your space - If you're not utilizing it effectively, consider subleasing a portion if your lease allows you to do it. By bringing in rent, you've reduced your rental cost.
- Speak to land lord about deferment for step up lease options over the next quarter or two.
- Employ energy conservation initiatives - With the cost of fuel and electricity high, any and all conservation measures can save you money.
- Comparison shop your insurance policies - Many small business owners routinely renew policies annually rather than shopping around for better deals.
- Manage Payroll - Think long and hard before laying off employees. The economic downturn is temporary, and it will be very costly to find and train new employees needed when business is booming again.







## CONTINUE TO MARKET WISELY

- Slow times are no excuse for slacking off on marketing. You need to continually develop your pipeline of customers, so review your marketing plan now.
- Maximize referrals -- Ask existing customers for referrals. Offer them some reward, such as discounts on their future purchase for giving you referrals.
- Get feedback -- Now is an ideal time to find out what you're doing right or wrong by asking your customers.
- Work on Retention – Your existing customers are cheaper to market to. Ask yourself, How will I increase sales without adding one NEW customer?



## LOOK AHEAD

- If business is slow, you may have time on your hands. Turn lemons into lemonade by spending this time doing strategic planning.
- Meet with advisors -- Where do you see your business in three years? What will it take to get there? What can you do now to make it happen? Meet with your accountant to create a strategy for your tax planning for the rest of the year.
- Revisit your business plan -- If you started out with a written plan to guide you, it's time to take another look. It may be that your initial business model is no longer viable in today's marketplace.
- Stay optimistic -- Prepare your business to take advantage of opportunities that will surely present themselves soon.



# PROTECT YOUR PERSONAL ASSETS

- All businesses hope to survive difficult economic times, but the reality is that some will undoubtedly fail. If yours does, what happens to you? It depends on how you've set up your business.
- Sole proprietorships and partnerships -- Creditors can look to your personal assets--your home, your car, and your savings--to satisfy their claims.
- Limited liability companies and corporations -- Creditors can only satisfy their claims from business assets; your personal assets may be protected.
- If your personal assets are currently vulnerable, consider meeting with your Business Attorney to discuss changing your form of entity.

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