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Trying times or age of opportunity?

BY JACK G. HARDY

How do you react to this media message: "These are trying times! We're in an economic slowdown." Is your proverbial glass now less than half full?

If you're like many small business owners, you've got to be worried about failure.

Listen to the experts. They cite five reasons for small businesses failure: poor management, wearing too many hats, lack of working capital, cash flow problems and rapid growth.

MIRROR IMAGES

They also give three reasons for success: A clear, constant business focus coupled with market knowledge and effective cash-flow management.

Both failure and success sprout from identical causes. One is simply the inverse of the other. Put another way, it's attitude that makes the difference.

My view? This economic slowdown is an excellent opportunity to retrench or tighten your belt. Seek out opportunities to economize, trim expenses and reorganize for greater efficiency. Scramble for better customer relations.

You may not be Warren Buffett, but you can certainly use his tactics. Buffett says, "Rule No. 1: Never lose money. Rule No. 2: Never forget rule No. 1."

Get started with working capital and cash flow. It's the key to survival. Most likely you leave cash flow to an assistant, perhaps your accountant. Yes, I know it's not your favorite subject! For a quick cash flow review: nfib.com/object/1583674.html

Focus directly upon your organization's cash flow process. Every day, insist upon a rolling 4-week cash flow projection. Don't use those one-year, month-by-month formats. They aren't designed for short-term control.

As for your crystal ball, stick with conservative projections. Nobody can project sales volume accurately. There are just too many variables. Count on higher interest rates and lower sales volumes. As interest rates rise, consumer spending tends to fall. Estimate conservatively. Track cash-in, cash-out first thing every morning.

Reconsider any loans projected for the near future. They could be a burden when it comes to their pay back. Even your crystal ball can't show whether to borrow now or wait until later. Best to be conservative. Hold a tight rein on spending to maintain profitability.

Don't make the mistake of cutting off your marketing programs. Customers are your most valuable assets. They're also your best and least expensive source of new or additional sales.

REVIEW MARKETING

Take time to review each part of your marketing program to ensure its return on your investment. Do so and you'll find opportunities for improvement and for growth. Give added funds to those that show a greater return.

Now, with cash flow in hand, look to your organization. Your people need to understand and accept the new course you've charted.

Some experts sensibly deem employee disengagement as one of the reasons behind this economic slowdown. Disengaged people consistently fail to understand and fulfill their responsibilities. Some take advantage of devious opportunities.

Robert Morison, director of research at BSG Concours and co-author of *Workforce Crisis*, estimates the engagement of America's workforce: ``Not high. One-fifth is really engaged; almost as many are disengaged, their goal is just to cash a paycheck. The average employee is not far above being neutral."`

So gaining employee engagement to your plan is critical short-term. It also holds the greatest potential for creating long-term growth.

Approach this challenge as an effective team coach -- not the "Boss" or "El Jefe." Engage your people in a "learning" conversation. Then, as they develop a clear picture of the results you seek - and with your coaching -- you'll be amazed by the team's results.