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**Fight Back, Survive and Prosper**



These are very testing times for many family businesses across Ireland who currently find themselves at the coalface of the economic downturn, with all of its negative implications.

Colm O' Grady, partner with Russell Brennan Keane, who has a significant number of family business clients commented, "the current environment is undoubtedly difficult and stressful. In many cases turnover has crashed, businesses are losing money, or running out of cash, the banks are nervous, and creditors are shouting for money".

He pointed out, "With many family run businesses you can have the situation where literally the whole family is employed in the business, which can exacerbate the tensions and possible fallout.

For those who feel they are running out of time, perhaps at a loss with regard to what else to do, O'Grady prescribed a fundamental change. "They need to reorganise the business, get out selling, innovate, role change, play hardball and above all fight back".

One of the first steps they should take, according to O'Grady is to protect their existing wealth. They need to decide what they want to pass on to the next generation and they need to differentiate between the family business and personal wealth. What's called for, is a clear strategy. Perhaps now is the time to start preparing the business for sale? Or maybe the business needs a fundamental change in direction, for example, the introduction of a completely new product line, closing down premises and moving on-line, take a look at improving the businesses green credentials or focus on a completely new market. "

All these options need energy and enthusiasm to drive them forward and it may therefore be a good time to pass the business on to the next generation, and let them lead the way forward.

"There has never been a better time from a tax viewpoint to pass on the business, asset values are low and to reduce the risk of the young guns making hasty decisions, get an external advisor on board to assist them in making key decisions", advised O'Grady.

He continued, "Even if you decide not to pass on the business or to sell it, an external consultant will provide fresh thinking to help family businesses tackle the current economic environment and to battle your way through it".

For those who opt to fight back, O'Grady advises, "Don't get completely bogged down in cost cutting and re-organisation, get out there and sell. Increase your focus on sales by 500 percent and divert the energies of key personnel into selling.

He continued, "Get your external consultants in to brainstorm a fresh approach. Start by getting under the skin of your customers, understand what they want, create new products and services to satisfy the changing market. Put a plan in place, and the necessary resources and timings, and don't be afraid to innovate.

Your partners in growth

As O'Grady observed, "Sitting in offices wondering where the customers have gone won't make them come back. Instead, go out and get them, and work hard to improve your quality of service. Look after existing customers and make sure that they are 100 percent satisfied".

For some companies, cost cutting is a vital part of survival. O'Grady agreed, "Wage cuts, cessation of overtime, the introduction of flexi time, three day week or part time, are all options to be considered. You also need to negotiate supplier reductions and reduce overheads.

Tough times call for tough negotiation skills and if the premises is not your own, then you should play hardball with your landlord and fight for a reduction. Remember the landlord needs you as much as you need the premises. Equally, tough negotiations are required with your bank/leasing companies in terms of getting repayment holidays and loan restructuring. For some businesses, it may be appropriate to enter into an informal scheme of arrangement with creditors whereby they are paid x cents in the euro over a period of time.

O'Grady advocates a return to basics. "Make sure each member of the management team takes on extra responsibilities. It is also vital to motivate staff. Arrange regular meetings and brainstorm with staff. They want to keep their jobs and they will contribute, once they are clear what they have to do e.g. each staff member comes back each week with a potential new customer. Get commitments from your staff on what they can do to help the company survive, above all, make sure you keep staff momentum going.

With regard to cash flow, make sure debt is under control, manage tightly, ensure there is a weekly update on costs. Try to put direct debit arrangements in place, and if you have to drop your prices with customers, get payment terms approved in return.

Track business profitability monthly or quarterly and make any necessary changes, it amazes me how many businesses don't know how much money they are making or losing. Report certain key information weekly, ensure that management and if possible all staff meet weekly to review the week past, and set clear objectives for the week ahead.

Decisive action is called for, so don't be slow to tighten up costs and reduce waste. But on the flip side show the same determination in your efforts to innovate and be creative.

For further information, please contact Colm O'Grady at Russell Brennan Keane on Tel: 090 6480600 or email: [cogrady@rbk.ie](mailto:cogrady@rbk.ie)

**ENDS**

**About RBK**

Russell Brennan Keane is one of Irelands leading business advisory and accountancy firms. With 50 years experience providing professional advisory services to a range of clients in the mid to large corporate market in Ireland, from offices in Dublin, Athlone and Roscommon.

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