

5th May 2009

SURVIVING THE GREAT RECESSION

“Bring the Energy Back To Your Business”



We are all very aware of the deepening recession engulfing the country at present. There are two options available: believe what you read and hear and get dragged down by it; or identify the positive aspects of your business, be confident and bring the energy back to your business.

Joey Boland, Client Services Partner with Russell Brennan Keane says “Entrepreneurs spot business opportunities in all environments and tend to be flexible and resourceful to maximise the opportunities they create. Business’s old and new need to breed some entrepreneurial spirit back into their thinking.

In our client base we have been involved in instances where companies encountering a downturn, have re-assessed their business models and as a result are now in a better position to face the trading conditions imposed on them by the current economic climate.

Areas where business advisors are assisting clients review and take positive actions include:

Increase your profile

Build on your position and reputation in the market. The importance of promoting your business in the marketplace has never been more crucial. Join a business networking group in your locality, Chambers of Commerce, trade associations. Utilise all avenues of communication appropriate to your business e.g., internet, printed media, and local radio.

Innovate and create

Necessity is the mother of invention. “Get your creative entrepreneurial thoughts flowing to identify new products or services or adapt your existing products or services to what is needed in the current climate. This has never been more critical as successful businesses who are operating for more than one generation can testify” commented Joey.

Look after customers

At the centre of any business is a loyal customer base. In many businesses the “80/20 Rule” applies, i.e. 80% of your business comes from 20% of your customers. Make sure you know who your best customers are and talk to them to make sure you are meeting their needs.

Keep your best staff

Ensure you don’t lose your key employees due to any uncertainties they may have. “Renegotiate salary packages; restructure bonuses etc in line with where you expect your business to be. Everyone knows the real challenges that businesses are experiencing and most staff are willing to work with employers to ensure there are jobs for as long as possible” said Joey.

Cash flow planning

As the proverb goes "*Failing to Plan Is Planning to Fail*". Cash is the life blood of any business and with the current financial constraints, new bank facility approvals are taking months to process. Therefore, all businesses must proactively manage and plan their cash flow to identify and avoid any potential cash flow issues. In many instances we find that cash flow solutions prevail in the business itself as against seeking external assistance from banks etc.

Acquire another business

There are plenty of businesses not achieving their potential and therefore in difficulty at the moment. With the proper management and direction, these businesses can be turned around. These businesses can be acquired at reduced values and on favourable conditions in the current climate and can offer diversity or secure a crucial item in your supply chain. Sometimes a perceived competitor could provide the solution to both your businesses. Seek synergies where you can.

Monitor the vital signs

There are key financial indicators that give an instant read on the state of health of any business, such as asset ratio, stock turnover and liquidity ratio. Identify the most pertinent ones for your business and monitor them closely.

Re-assess the business & revise your business plan

Now is an ideal time to review your business plan to ensure that your business idea still has the same potential in the current market. If not, take remedial actions now. Use any available downtime or excess staff capacity to undertake an internal review to identify where necessary changes are needed.

Making the business leaner

We all got a bit bloated during the good times – now its time to eliminate the excesses. Focus on what your business does and what it needs to do. There are plenty of opportunities available to every business to conserve cash, through renegotiation of terms with suppliers, restructuring repayment terms or offering incentives for debtors to pay quicker.

"It's easy to get caught in the downward spiral but there's a range of positive steps that can be taken to generate positive momentum in your business. Be proactive, take action where necessary, be confident and bring the energy back to your business" continued Joey.

If you would like to speak with Joey in confidence or require further information, please call 090 6480600 or email jboland@rbk.ie .

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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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