

## Tough Times Business Checklist

No.		Done
<p><b>1)</b></p> <p><b>Increasing Income:</b></p> <p>a. Review ways of providing more value to current customers.</p> <p>b. Look for ways of attracting additional customers, the right sort, not any business at any price.</p> <p>c. Get rid of can't pay/won't pay bad customers.</p> <p>d. Review your list of products and services and <b>eliminate</b> those that are not profitable or core products/services.</p> <p>e. Ensure that any surplus funds are invested safely at the best possible interest rates.</p>		
<p><b>2)</b></p> <p><b>Reducing Expenses:</b></p> <p>a. Review costs and ask whether they are essential, and what value they add to the business - eliminate non-essential and non-value adding costs.</p> <p>b. Use 'bottom up' budgeting where everyone in the office gives input on areas over which they have control - target a 10% cost saving.</p> <p>c. Review your staffing needs over the next 12 months and make weak or unnecessary individuals redundant now.</p> <p>d. Get your members of staff involved in a discussion of likely trading conditions and get their input on reducing costs and maintaining revenues.</p>		
<p><b>3)</b></p> <p><b>Borrowing:</b></p> <p>a. Consider switching to invoice discounting or factoring, instead of bank loans or overdrafts.</p> <p>b. Review debtors list and chase up overdue invoices.</p> <p>c. Offer existing good debtors extended payment terms and/or discounts.</p>		

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	<ul style="list-style-type: none"> <li>d. Make sure your terms of business contain explicit payment terms.</li> <li>e. Assign responsibility to one individual for invoicing and collections.</li> <li>f. Agree extended payment terms with all suppliers in advance (if appropriate).</li> <li>g. If appropriate, review banking, factoring and other finance facilities and ensure they will meet future needs.</li> </ul>	
<p><b>4)</b></p> <ul style="list-style-type: none"> <li>a.</li> <li>b.</li> <li>c.</li> <li>d.</li> </ul>	<p><b>Exposure and Risk:</b></p> <ul style="list-style-type: none"> <li>Consider the risk to the business of bad debt, and consider credit insurance.</li> <li>Review the spread of clients/business types to avoid over-reliance on one sector.</li> <li>Review life cover/critical illness cover for key employees - avoid saving costs by removing these. Rather ask the question, could the business afford to run the risk of those individuals not being present.</li> <li>Put extra effort into making sure your relationships with your better customers are solid.</li> </ul>	
<p><b>5)</b></p> <ul style="list-style-type: none"> <li>a.</li> </ul>	<p><b>Staffing:</b></p> <ul style="list-style-type: none"> <li>Remember flexible working arrangements can work both ways - it may be worth asking staff if they would like to reduce hours. This is often easier/better than compulsory redundancy.</li> </ul>	
<p><b>6)</b></p> <ul style="list-style-type: none"> <li>a.</li> <li>b.</li> <li>c.</li> <li>d.</li> </ul>	<p><b>Management:</b></p> <ul style="list-style-type: none"> <li>Ensure there is a workable Business Plan and involve the staff in that process.</li> <li>Review and flow chart the main processes in your business (eg. sales processing, order fulfilment, shipping, etc) and challenge the need for each step.</li> <li>Encourage team members to suggest ways to streamline and simplify processes (eg. sit down and brainstorm about efficiencies and cost reduction).</li> <li>Review your Budgets and set realistic and achievable targets for 2009.</li> </ul>	

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<p><b>6)</b></p> <p>e.</p> <p>f.</p> <p>g.</p>	<p>continued....</p> <p>Establish your key performance indicators (KPIs) and measure them on a regular basis eg:</p> <ul style="list-style-type: none"> <li>• Sales leads generated</li> <li>• Orders supplied/fulfilled</li> <li>• Cash balance</li> <li>• Stock turnover</li> <li>• Debtor days</li> <li>• Gross profit</li> <li>• Net profit</li> </ul> <p>Review efficiency of business processes and consider alternatives such as outsourcing certain activities locally or overseas.</p> <p>Pull everyone together and explain the business strategy and get their co-operation.</p>	
<p><b>7)</b></p> <p>a)</p>	<p><b>Personal Goals:</b></p> <p>Consider the impact on personal goals such as a potential retirement or business sale - seek specialist advice.</p>	
	<p><b>Above all, act sooner rather than later!</b></p>	

**Note:** Whilst the above list may not be exhaustive, and may omit other considerations specific to your business, it will hopefully, as intended, work as a thought-provoking aide memoire and encourage you to think about what can be done to protect your profits and business from issues arising in the near future.