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SURVIVING THE RECESSION

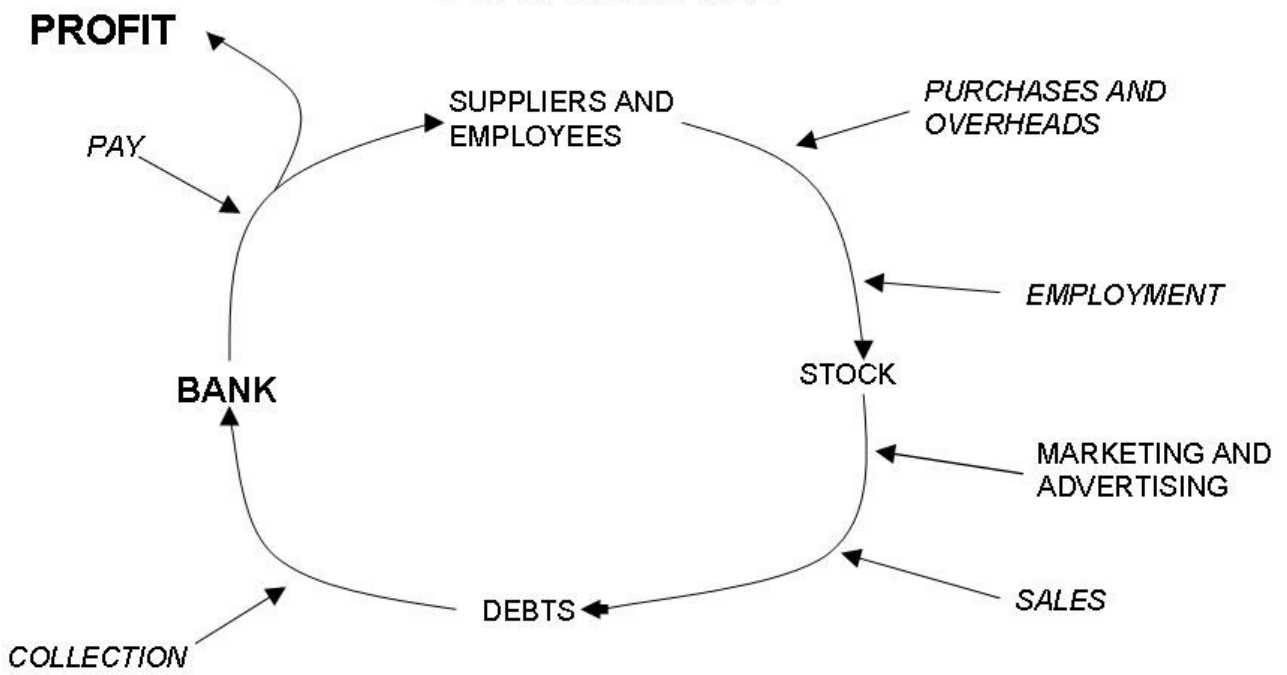
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CASHFLOW AND LIQUIDITY ARE CRITICAL





THE CASH CYCLE





EXPENDITURE

- Do we need it?
- Is this the best price?
- Supplier payment terms
- Contract renewals
- Premises
 - Purchase
 - Leases
 - Upkeep
- Marketing/Advertising
- Utilities



EMPLOYEES

- Contracts
- Job specifications and objectives
- Pay – wage freeze or reduction?
- Reduced working hours/sabbaticals
- Voluntary redundancy
 - Compromise agreements
- Compulsory redundancy
- Statutory redundancy pay
- Discrimination
- TAKE ADVICE EARLY!!!



STOCK

- Stock turnover – Just in time
- Wastage
- Fast vs Slow movers
- Redundant stock
- Shelf/storage space



MARKETING AND ADVERTISING

- Marketing – “Anticipating and meeting the customers’ needs profitably”
- Identify:
 - Customers
 - Products
 - Delivery method
 - Pricing
Eg Low cost, high volume or High cost, low volume
- Value added/differentiation
- Brand awareness
- Personal contact
- Marketing plan
- Sources of custom
 - Existing customers
 - Referrers
 - Adverts
 - Sales team/agents
 - Passing trade
- Advertising media
 - Newspapers
 - Yellow pages/ classified
 - Yell.com
 - Leaflet drops
 - Website
 - Sponsorship
- Monitor results
 - 0845 numbers
 - Customer surveys



SELLING

- What and where is your market?
- Who are your competitors and what are they doing?
- Margins on product lines
- Offering discounts
 - Loss leaders
 - Old stock
- Other promotions
 - Bogofs
 - Linked
- Presentation
 - Shop layout
 - Window displays
- Service levels/availability



DEBTS AND COLLECTION

- Agree the terms
 - Payment dates
 - Interest charges
 - Reservation of title
- Can the customer pay?
 - Credit checks
- Monitor the age
- Statements and reminders
- Methods of payment
 - Credit cards
 - Internet
 - Provide Bank details
 - Standing Orders/DD's
- Credit control system
- Deal promptly with complaints (compromise?)
- Small claims court
- Factoring
- Collection agencies



BANK RELATIONSHIPS AND STRUCTURE

- **No surprises !!**
 - Keep them informed – management information
 - Be honest, realistic and prudent
 - Under-promise and over-deliver
- **Business plan**
- **Match funding type and period to the asset**
 - Property
 - Refurbishment
 - Equipment/IT
 - Vehicles
- **Shop around**
- **Limited liability (companies/partnerships)**



BUSINESS PLANNING

- Why do we need one?
 - Where are we?
 - Where do we want to go?
 - How are we going to get there?
- Principal contents
 - Background eg history
 - Purpose
 - Products
 - Personnel
 - Premises
 - Marketplace
 - SWOT analysis
 - External influences
 - Future plans
 - Budgets/forecasts



HELP!!

- Your accountant
- The bank (special advisors)
- HMRC can delay tax payments
- VAT – cash accounting (join £660k, leave £825k)
- Enterprise Finance Guarantee scheme
 - 75% Govt guarantee
 - Loans up to £1m
 - Businesses t/o up to £25m
 - Available through banks
- Environmental loans - Carbon Trust