



U.S. Small Business Administration

Small Businesses Can Face Economic Cycles with Confidence

Your Small Business Resource

Every day, the U.S. Small Business Administration and its nationwide network of partners help millions of potential and current small business owners start, grow and succeed.

Resources and programs targeting small businesses provide an advantage necessary to help small businesses effectively compete in the marketplace and strengthen the overall U.S. economy.

SBA offers help in the following areas:

- Starting a Business
- Financing a Business
- Growing a Business
- Opportunities in Contracting
- Recovering From Disaster
- A Voice for Small Business in Government

Visit SBA online at www.sba.gov for 24/7 access to small business news, information and training for entrepreneurs.

All SBA programs and services are provided on a nondiscriminatory basis.

Dealing with an uncertain economy is never easy, especially for small businesses. Unlike their larger counterparts, small businesses rarely have the resources to monitor and take corrective action for every trend and issue. And even those owners who have weathered numerous business cycles may be faced with new circumstances that confound their otherwise successful instincts and knowledge.

While there is no crystal ball that accurately predicts the future, small business owners can take a number of steps that will help their enterprises endure the worst of times, and position them for success when conditions inevitably improve.

- **Consult your bank about your business's financial status.** Lenders have vast experience in economic cycles, and can advise you on issues specific to your business and industry. It may also be helpful to arrange a line of credit. You may not need it for several months or at all. But if a lag in cash flow occurs, you will have a ready source of bridge money in place.
- **Make sure you have good relations with your creditors.** You may find it necessary to renegotiate terms, but overdue bills and inconsistent payment practices will not help your position. What's more, your creditors may be experiencing financial difficulties as well. Any flexibility will hinge on whether they perceive you as a reliable partner, or a risk.
- **Similarly, keep a close watch on your receivables.** Follow up with whoever owes your company money and make sure they are meeting their terms. Be firm when dealing problem accounts, but also be willing to negotiate where appropriate. It may take only a matter of months for a struggling customer can become a highly stable source of income. If you can accommodate such situations without adversely affecting your company's financial position, everybody wins.
- **Make sure expenditures can be justified, and that they contribute to the financial health of your business.** You may find it necessary to redirect money to areas that will enhance business performance. If you carry an inventory of products, check the accuracy of your records and procedures to prevent losses. It may also be helpful to adjust your order amounts to match projected sales.
- **Review your operations and expenses on a regular basis.** If you monitor your profitability on a monthly basis, it's a good idea to do it weekly or biweekly during slow economic times. Likewise, review your business plan more often. Monthly or quarterly reviews will make it easier to make adjustments and keep your business on track.

- **Step up your marketing efforts.** Many businesses mistakenly see marketing as a luxury when money is tight. The truth is that this is the time you need marketing most. Along with reassuring your current customers that you are still there to serve them, marketing can help you reach new markets that will sustain your business now, and facilitate its growth in the future. For more information on marketing in a weak economy go to http://www.score.org/m_pr_12.html.

This information was written by SCORE — Counselors to America's Small Business