



# Adapting to Changing Economic Times

**Overview** When business is booming, many business owners don't take the time to find out if their organization is running at maximum efficiency. Wasteful practices may abound, but are seldom addressed in the rush to get the product out or job done. Yet, when business slows, the time is there to take stock of business operations, formulate new strategies, and find innovative resources to help improve the efficiency and economy of your business. Here are some issues to consider when planning to improve your company's chances of success in the face of changing economic times:

## Where can I cut costs?

This may seem like an obvious question, but formulating the right solutions without impairing your operations is seldom easy. Look for large and small ways to economize, without changing vital areas. For example, it may be possible to reduce the number of vehicles used or to conserve energy by turning off equipment when not in use. Now may be a good time to revisit some of your agreements and possibly negotiate a temporary or long-term discount. Consider taking advantage of bargains by buying in bulk or locking in prices for the future.

## Are my marketing strategies still relevant?

The marketing approaches your firm used in boom times may be less effective under tighter conditions. Clients may be more cautious about commissioning

projects, and they may want greater reassurances that they are getting quality and value for their money. While it may be a struggle to increase your marketing budget, well-targeted advertising campaigns can go a long way toward bringing in new business. Stepping up your networking efforts, both in person and online, is a low-cost option for attracting new customers and staying in touch with existing clients.

## Are my prices right?

Lowering your prices may be a painful but necessary measure in a declining economy. Even if you don't reduce prices across the board, you may offer discounts or incentives to attract and retain customers. If your customers agree to adjustments in the scope of the work or types of materials used, it may be possible to lower your prices while still maintaining profit margins.

## Can I trim my payroll without losing key employees?

Some companies start laying people off at the first signs of an economic slowdown. However, this can prove to be a dangerous overreaction, especially if your business ends up losing its most valuable employees. If you need to reduce payroll costs, consider viable options for doing so without letting good people go, such as offering flexible schedules, time off for training, or reduced hours for employees who want them. If necessary, consider trimming the size of retirement and health benefits, with

assurances to employees that benefits will be restored as business improves.

### **How can I maximize my cash flow?**

When funds are tight, keeping track of cash flow becomes especially important. Check that your invoicing processes are operating efficiently, and that outstanding accounts are managed quickly. As obtaining credit becomes more difficult, meet with your accountant and your banking representative to discuss your credit lines, ways to improve your company's credit score, and the options available in case of emergency.

### **Is it time to try new technologies?**

Implementing new software and other information technologies, and integrating these programs into your business operations, is a complex and sometimes arduous process. A slower pace can provide your firm's staff with the time they need to familiarize themselves with IT solutions that can help your business operate more efficiently. When better times return, your firm will continue to benefit from the productivity enhancements. Review your website, ensuring that the information is up-to-date and professionally presented. Investing time in enhancing your online presence will likely pay off during the downturn and as the economy improves.

Adapting to change is never easy. But, neither is running a business. Rather than focusing on the recession, focus on emerging leaner and more competitive than ever. After all, when the going gets tough, the tough get going.