5 Tips for Thriving Through the Recession

Well, 2020 has certainly been an interesting year so far, and we still have lots of year left. With global challenges due to the coronavirus resurgence and the global reaction to the more US-focused BLM protest movement, there’s no shortage of relevant news these days.

With all that, it’s sometimes hard to focus on the business that we were all busily engaged in only a few months ago. And then there’s the recession we’re now living with that was caused by the virus countermeasures and perhaps even intensified by the aftereffects of the protests. Is this what they meant when they referred to the “perfect storm”?

Hard to focus, that is, unless that business is yours and you’ve put years of your life into building it or all of your savings into launching it. If that strikes home or even comes close, my question for you is: What are you doing now to get your business back on track, or to protect it from the effects of the severe recession that is now in place, and to come out of this better than when you went in?

If you’re not sure, or you have answers that don’t feel like they’re strong enough, maybe some ideas from the CFO for Rent® team might juice up your action plan. Try these on for size:

1. Have you worked with your banker to be sure that you’ve applied for any and all government loans or grants that your company may be eligible for? This nest of programs – Paycheck Protection Program, EIDL Loan Advance, SBA Express Bridge Loans, SBA Debt Relief, etc., – has been a concerted effort by government to minimize the economic impact of the coronavirus; and whether you believe government has done a good job or not, that money is intended to help you run your business with as little damage as possible. Don’t turn it down.

2. Have you done everything you can to preserve working capital – the lifeline of your business? Keep in mind that working capital is more than just cash, although cash is the “King” as we all say. But it also includes accounts receivable and inventory, and some companies can sink into the floorboards by simply not paying enough attention to these cash substitutes.

3. Can you strengthen some key customer relationships? Do you know the financial condition of your most important customers? Do they need something from you that you can afford to provide them, such as:
   - modestly extended payment terms,
   - a larger credit line, even if temporarily,
   - a more flexible return policy if their business drop-off has ballooned their inventories,
   - a special pricing plan in return for a longer-term purchase commitment.

4. Do you have the updated benchmarks and metrics that your business needs to deal with longer sale lead times, longer re-order times, slower customer payment practices? If you’re satisfied that your

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previously used metrics are still fine, I’d respectfully suggest they’re probably not, regardless of the business you’re in. This may not be the “new normal” but it’s going to look like it for a while.

5. In his best-selling book *Good to Great*, Jim Collins said there are 3 interlinked elements of any business that will determine the potential for its success or failure – or just survival, a mediocre alternative. They are:

- **Motivated people** – the right people in the right seats on the bus and the wrong people gone. The point made is that when you have the right people in the right jobs, they are self-motivated, and your efforts at motivation are unnecessary.
- **A viable economic product or service** that can – if done right – make lots of money. Since a key objective of any company is to make money, this would seem to be a no-brainer. Yet many businesses muddle along on a path long ago deemed to have limited potential, perhaps because it’s easier than re-assessing and re-inventing.
- **A passion for the business** in the hearts and minds of the management team. It’s perhaps times like these that we realize it won’t always be smooth sailing, and when the seas get rough a passion for the pursuit carries us through to a safe and successful trip.

Could this be your opportunity to look at your business through the eyes of a guy whose team spent 5 years researching how good companies become great companies? It’s a compelling story, but it’s not magic.

If you’re content with the performance of your company today, sorry for taking your time; this issue is not for you. But if you believe it can be better – a lot better – we can help by putting in place any or all of the 5 points above. And we’d love to. Just give me a call to see how it might work. *For a few weeks, a few months, or a few years,* we are Your CFO for Rent®.

Have you done everything you can to preserve… the lifeblood of your business”