



Finding Money During This Downturn 11 Critical Positioning Steps for Success

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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, business owners can take a number of steps that will help their businesses endure the worst of times and position them for success when conditions inevitably improve.

- 1) **Consult your bank about your business's financial status.** Stay in contact with your banker -- lenders can advise you on issues specific to your business and industry and may be helpful to arrange a line of credit. You may not need it for several months; but if a lag in cash flow occurs, you will be ready.
- 2) **Have good relations with your creditors.** You may need to renegotiate terms; inconsistent payment practices will not help your position. Flexibility will depend on whether they perceive you as a reliable partner. Review credit and address any outstanding issues – Review your personal and business credit scores. Deal with any credit issues before they are a problem. Developing and maintaining good credit is important to both you and your business. Good credit provides benefits regarding access to and the cost of capital.
- 3) **Watch your receivables.** Follow up with those who owe you money. Negotiate where appropriate. It may take only a matter of months for a struggling customer to become a stable source of income.
- 4) **Expenditures justified? Contributing to financial health of business?** You may find it necessary to redirect money to areas that will enhance business performance. If you carry an inventory of products, check your records to prevent losses. You may need to adjust your order amounts to match projected sales.
- 5) **Take a look at costs.** Look at your profit and loss projections -- are there costs you can cut? Services you can outsource? More efficient way with dealing with supplies, excess equipment or inventory? Implement processes to optimize turnover and reduce inventory overhead.
- 6) **Explore and consider new technologies** – Technology is an enabler. Use it to track and target customers as well as to improve business efficiencies. Consider starting a Blog or joining an online community. If you don't already have a Web presence or an eCommerce strategy, implement one or both to attract customers from around the world and around the clock.

- 7) **Look outside the box --what opportunities are out there?** Check your commercial space - can the rent be cut? Can the lease be renegotiated? Are competing businesses up for sale? Solicit new ideas. This is critically important and don't be shy about going outside of the traditional margins. Ask employees, customers, mentors and others for suggestions on how you can diversify and improve your business operations.
- 8) **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. Reassure current customers that you are still there to serve them. Increase marketing efforts – Learn as much as you can about changes your customers are facing and target them with persistence and good advertising.
- 9) **Find new business/customers.** Market, market, market -- attract new clients. Attend networking events, -- keep tabs on the contacts you've met. Even if they don't buy now, they may reconsider when the market health returns. Don't be short sighted -- reaching new customers can sustain your business now and facilitate growth in the future.
- 10) **Resist the temptation to do nothing --** Don't wait around for bad news. Keep in touch with key clients, partners, and resources. Use time wisely.... consider taking a small business workshop, meet with business counselors, or re-connect with former colleagues. Expand your knowledge and surround yourself with knowledgeable people. Use a network of experienced advisors, mentors and business coaches to expand your horizons and help guide your business decisions. Businesses have a lot in common during these times; you may just learn something that's working for them and can put it to use in your business.
- 11) **Remember you have an advocate --** Through the American Recovery and Reinvestment Act the SBA is committed to make a big dent in the small business credit crunch. The Act provides the SBA with \$375 million to temporarily eliminate loan fees and raise guarantee limits up to 90 percent on most types of loans. The SBA's microloan program received additional funding for up to \$50 million in new loans. This capital is available today for new loans of up to \$35,000. America's Recovery Capital (ARC) Loan Program will offer deferred-payment loans 100 percent guaranteed by SBA for up to \$35,000 for viable small businesses that need help making up to six months of payments on existing, qualifying, non-SBA backed loans.

SBA Staff is working hard to implement the rest of the Recovery Act's programs. Although there are many moving parts, the SBA's aim is to implement these programs quickly and effectively. All of the SBA's existing programs are open for business. We back new loans and provide training, technical and contracting assistance to entrepreneurs every day. Be assured the SBA is working overtime. We know small businesses have a proven ability to create new jobs and commerce. The next phase of our economic recovery rests in their hands.

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