



**RISK AND ASSET  
MANAGEMENT**

## **BENTLEY FINANCIAL**

Small Business Financial Focus

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Financial Planning | Group Benefits | Insurance | Investments | Insight

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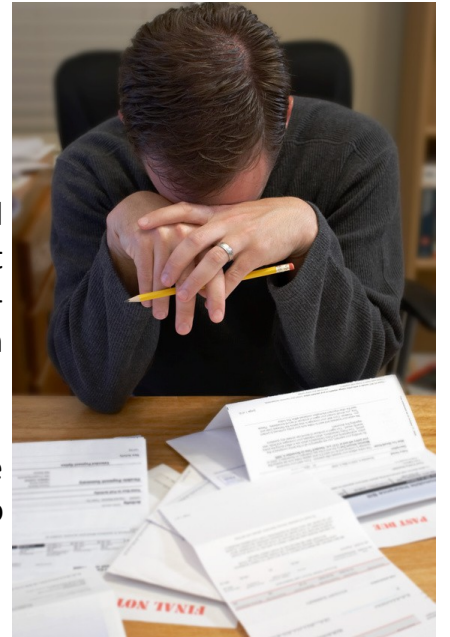
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### **Small Business Survival in the Current Economic Period**

We're currently in a very challenging economic period. I use the word "challenging" rather than the technical term, "recession," because the impact of our economic condition is different for each business. Some are really hurting, while some are doing okay. But every small business owner is justified in being concerned about the next 12 months.

Surveying the economic landscape in front of us and trying to imagine what the near-term future will hold, hard work and stick-to-it-iveness will be as critical to

small business survival this year as in any other. But we should also find a survival attitude we can default to, especially in the most difficult hours.



You get to define success for your organization. But there is no shame for any small business to consider this year a good year if it is open for business on January of the next year. If you do better than that, well done. If you feel you must take a big risk this year, apply the carpenter's rule of cutting: Measure twice, cut once. Make sure your capital picture can support a mistake and/or surprise. Remember that there is a very fine line separating opportunity at the leading edge and the cash-eating effects of the bleeding edge. Frankly, when we look back on this year, it's likely we'll determine that it wasn't as bad as we thought it would be. But no small business will fail this year by applying discretion as the better part of valor.

#### **10 Survival Steps to Take Right Now**

In assuming a survival attitude, there are 10 things to do right now to execute on this attitude.

1. Profit is the Queen of business, but cash is King. Ask employees to help cut waste and expenses, plus review operational steps and eliminate/tighten up inefficient ones. What's the motivation? How about job security? Watch the pennies and the dollars take care of themselves.
2. Stay close to accounts receivables and cash management. Many tasks can and should be delegated by a business owner, but right now cash management isn't one of them.
3. Declare war on excess inventory. Don't miss a sale, but don't let one piece of inventory spend the night in your building unless it's absolutely essential. Inventory is cash you can't spend until you convert it back by making a sale.
4. Review ALL contracts for services to make sure you still need them. Your customers are doing the same thing; get ready.
5. Make your banker your survival partner. Keep him or her informed about how things are going, good or bad - especially bad. Bankers need information, even if it's bad news. Remember this: An uninformed banker is a scared banker. No one gets any help out of a scared banker.
6. Wherever possible renegotiate term loans, including real estate mortgages, to take advantage of lower interest rates. Longer amortization and lower rates preserve cash.
7. If you rent, talk with your landlord about adjustments in the terms of your lease. Don't expect the landlord to take a major hit, but he or she knows that prospects may not line up to take your space if you leave. This is a good time to be creative.
8. Convert non-performing assets to cash - even if you have to sell for less than you want. What things were worth last year has no bearing on what they're worth today, and they might be worth less tomorrow. If it's not performing, cut it loose.
9. If it's humanly possible, personally call on EVERY customer at least once in the near future, even if a salesperson is calling. This isn't a sales call; it's a relationship call. Find out what you can do to help them, and then do it. Your company's future probably depends upon these visits.
10. Payroll expenses must be addressed. Non-performers must go first. Before making other cuts, ask your team to help find creative ways to allocate your bare-bones payroll budget. But don't forget that now could be a good time to invest in the future by acquiring a highly trained "big business" employee who just got laid off.

Regards, *Steve*

**Remember our motto:**  
**Complimentary Advice. Any Time. Just Ask.**