



# Small Business Tips for **Surviving & Thriving** in a Recession

This material is intended to be an easy-to-review checklist that will spark ideas. Implementing any of these recommendations requires careful thought and planning. Business owners and managers can count on professional guidance and practical solutions from the Maryland SBDC.

## Solve Any Immediate Cash Crisis

- Organize financial data in one place
- Make a list of the problem areas
- Set priorities for collections and payables
- Determine next day's tasks each night
- Set time frame and goals for cash management
- Contact an SBDC Business Advisor—(it's free)

## Collect Accounts Receivable

- Bill customers as soon as possible
- Use account aging reports to manage and project cash flow
- Collect everything now (*Call everyone—don't wait! Begin collections on overdue accounts, pick up large checks in person, require cash payment at time of service, offer discounts only on prepayments*)

## Contact Creditors

- Decide who to pay first—e.g., lenders, past-due taxes
- Forecast cash flow, then payment plan
- Talk to credit decision-makers early and often
- Offer partial payments, if possible
- Keep payment promises

## Adjust Prices and Reduce Costs

- Be competitive in the pricing/value balance
- Charge extra for emergencies, deliveries, etc.
- Ask landlord for rent reduction or restructuring to allow a short abatement period.
- Rent out unused space.
- Reduce personal costs (eliminate overtime, use part-timers, student interns)
- Ask vendors and suppliers for trade discounts
- Sell unproductive assets

## Manage Inventory

- Review inventory levels more often
- Liquidate everything on the shelves over 90 days.
- Sell outdated items at cost
- Restock shelves with faster-selling or higher profit items
- Buy using "Just-In-Time" ordering processes

## Require Accurate and Timely Reporting

- Create and use financial statements
- Get involved—bookkeepers and accountants can't do it all for you
- Forecast short-term cash flow.

## Checks and Balances are Critical

- Enforce cash-handling policies
- Reconcile cash register closeouts with bank deposits
- Develop new financial controls
- Prevent opportunities for embezzlement (Divide financial responsibilities and functions, require checks to have 2 signatures, examine timecards and payroll records for accuracy)
- Hold everyone accountable

## Focus on Marketing

- Redefine your target market and consider new "niches"
- Look for complimentary products/services to offer
- Invest marketing dollars wisely
- Keep in touch with current and past customers (Thank them for their business, suggest another specific product or service, ask for referrals)

## Pay Attention to Your Retail Image

- Appearance counts—Clean it, paint it!
- Keep window displays fresh
- Add lighting to highlight product displays
- Clean or install new carpet
- Use attractive and descriptive signage
- Train employees to deliver top-notch customer service

## Be A Proactive Business Owner

- Invest time in preventing and/or solving problems
- Talk with other business owners—You are not alone!
- Communicate with customers, employees, and suppliers. (Contact the nearest Maryland SBDC location for one-on-one, confidential guidance and help crunching numbers—it's free).

To locate an SBDC office near you, visit  
[www.mdsbdc.umd.edu](http://www.mdsbdc.umd.edu)