

## Survival Tips for Small Businesses

Notes from After Hours Small Business Forum  
April 2, 2009

- Prioritize the generation of future sales revenue, by investing/continuing to invest in the right marketing tactics -  
-reach the right customers with the right approach (i.e., local newspaper, cable television, Internet, word of mouth, direct mail, tradeshow, networking, telephone, in-person consultative selling, and email).
- Operate lean and live within your means --in business and at home.
- Adjust the type, quantity, and frequency of your inventory.
- Reduce holding, storage, and transportation costs.
- Optimize the use of technology your company already has in place --finally figure out how to use your PDA, QuickBooks, cell phone applications, and Intranet.
- Be realistic, but be positive --do not bury your head in the sand and be brutal with yourself behind closed doors.
- Understand the trends that directly *and indirectly* impact your business (i.e., decelerating auto industry and rising healthcare needs).
- Make customer decisions based on their calculated Customer Lifetime Value --in the big scheme of things a \$4.00 refund could be worth \$30,000 to your business' bottom line over a customer's entire lifetime.
- Do not borrow money to sustain current operations, such as to pay for salaries, bonuses, or benefits.
- Retreat to your core product or service or explore new opportunities depending on the current market.
- Keep the lines of communication open with your lenders and suppliers --develop these relationships and do not hide when you get into trouble.
- Select appropriate key indicators to watch and respond to imminent danger --be more proactive and less reactive.
- Employ the 'sniff test' --if it stinks, pass on the proposition and stay focused on your ultimate goal.
- Write down your plan, implement it, and stick to it --keep doing what is working and stop doing what does not work.
- Upgrade your employee pool while the overall level of unemployment is high --great talent is affordable and available.

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- If you must lay off employees to get back on solid financial ground, decide who to lay off systematically and consistently rather than cherry-picking which increases your risk of litigation, effectively communicate this information, and get through the process quickly.
- Turn off the lights and turn down the air when there is no one in sight --saving energy will save you money over time.
- Do not ignore your problems --encourage your team members to present solutions individually and using a team-approach when appropriate.
- Reward your 'Star Performers' and 'Loyal Customers'.
- Hire smart people --it is okay if they are smarter than you.
- Put the customer first --exceed customer expectations and never sacrifice the quality of service.
- Keep paying your bills on time --make arrangements if you have to, but keep paying.
- Adjust your spending.
- Benchmark and imitate the 'Best in Class' --be a McDonald's copycat --what works for the big guy may work for you too --even if the big guy is outside of your industry.
- Do not abuse your suppliers --partner with them instead --think of ways you can help them and reciprocate when they bend to meet your requirements.
- Pay attention to your bottom line --you are in business to make money, so make the necessary adjustments.
- Outsource when it is cost-effective (i.e., electronic bill-pay, payroll services, sales representation, marketing, hiring and benefits management).
- Maintain employee morale --if your employees do not like you or the workplace, your customers will not stick around for the 'great' service and atmosphere.
- Understand your value to your suppliers --learn to negotiate.
- Continually thank your customers for their business.
- Know how to 'paint the story' to win more customers --understand why your existing customers are buying from you and not from your competitor.
- Qualify your sales leads --do not waste your time selling to the wrong target that cannot buy, or should not buy.
- Read the newspaper, watch the news, get out and talk to other people --you cannot survive if you are out of the loop and disconnected.
- Expect retaliation when you make a competitive move and plan beyond that --a smart competitor will fight back.
- Weigh your options by developing a Plan A, a Plan B, and a Plan C.
- Plant some trees --use Decision Tree Analysis to develop contingency plans for various 'what if' scenarios.