

Tough Times - Business Checklist

No	Action Item	Done	Help!
1.	Review your budgets and forecasts and set realistic and achievable targets for 2009. It is even more vital to keep accurate control of your finances during more challenging times.		
2.	Ensure that your management accounting systems are up to scratch - you need to know how well you are doing at all times so that action can be taken in time.		
3.	Do a 'Pareto' analysis on your customers - 80% of profit comes from 20% of clients. Serve the top 20% as well as you can, consider removing the bottom 20%, and retain the middle 60%.		
4.	Review debtors list and chase up overdue invoices. Do this regularly. Businesses fail through lack of cash, not lack of profit. A non-paying customer is worse than an ex-customer - at least with the latter you've not incurred any costs.		
5.	Offer existing debtors extended payment terms and/or discounts in order to get the cash flowing.		
6.	Make sure your terms of business contain explicit payment terms. These need to be on orders as well as invoices. You cannot rely on terms that appear only on the invoice.		
7.	Assign responsibility to one individual for invoicing and collections. Shared responsibilities don't get implemented!		
8.	Agree extended payment terms with all suppliers in advance of order, whilst you have bargaining power.		
9.	Review banking facilities and discuss future needs. Keep finance facilities available by using them regularly; ensure that capital assets are purchased with long term finance. Consider leasing cars and other equipment to reduce the cash impact.		
10.	Put extra effort into building solid relationships with your best (top 20%) customers. Look after them better than ever before - these are the ones your competitors want.		
11.	Review and flow chart the main processes in your business (e.g. sales processing, order fulfilment, shipping etc) and challenge the need for each step. Aim to streamline the processes and remove unnecessary bureaucracy, thus increasing efficiency and saving cost.		
12.	Encourage team members to suggest ways to streamline and simplify processes (e.g. sit down and brainstorm about efficiencies and cost reduction).		
13.	Use 'bottom up' budgeting where everyone in the firm gives input on areas over which they have control - target a 10% cost saving.		
14.	Review your staffing needs over the next 12 months and make weak or unnecessary individuals redundant now. Make sure you take legal advice before taking such action!		
15.	Get your members of staff involved in a discussion of likely trading conditions and get their input on reducing costs and maintaining revenues. Communicate honestly and frequently.		
16.	Review your list of products and services and eliminate those that are unprofitable or not core products/services. Equally, focus on selling more of your profitable lines. Be willing to turn unprofitable work away.		
17.	Establish your key performance indicators (KPIs) and measure them frequently e.g: Sales Leads generated, Orders supplied/fulfilled, Cash balance, Stock Turnover, Debtor Days, Gross Profit, Net Profit		
18.	If you are in a strong financial position, consider approaching your weaker competitors with a view to acquiring them. Valuations may be historically low right now.		

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19.	Conversely, if you have doubts about your ability to survive a possible recession, consider realising your investment in your business now by seeking a business sale.		
20.	Review efficiency of business processes and consider alternatives such as outsourcing certain activities locally or overseas. Non-core processes can be converted from fixed costs (which you incur at the same level even during a downturn) into variable costs by outsourcing. And you also save the employment hassles.		
21.	Pull everyone together and explain the business strategy and get their buy-in. People have heard about challenging times ahead from the press, and may be fearful. Open and honest communication can be a motivator.		
22.	Manage expectations about lower (if any) pay rises to come. Share the financial information to explain why. Consider offering other benefits, such as amended hours, flexitime or additional holiday - benefits that might cost you nothing but may be much valued.		
23.	Consider moving to annual hours contracts, where your employees are contracted to work a set number of hours per year - more during busy times, less when quiet. This can save overtime costs, whilst securing their jobs.		
24.	Keep up a regular dialogue with your bank manager. Bankers hate surprises - if times are getting tougher, it is always better to warn them in advance.		
25.	If your bank is showing signs of being less supportive in the future, take action now. There are other sources of finance that may be able to assist, but such applications take time.		
26.	Cash is king. Consider delaying capital investment, or instead obtaining long term finance, to reduce pressure on cash funds. Alternatively, consider asset sale and lease-back to release funds.		
27.	Ensure that you are managing your tax cost as well as you can by taking advantage of all available reliefs. Time your income and costs to minimise or delay your tax expense.		
28.	Don't hide from back tax owed to HMRC. If you are likely to have trouble paying, talk to them as soon as possible. It is often possible to agree extended payment terms.		
29.	It may be better to pay suppliers later, missing out on relatively small prompt payment discounts in favour of retaining cash.		
30.	Outsource your HR function, ensuring that you have access to good advice - and preferably to tribunal insurance - before redundancies or dismissals become unavoidable.		
31.	Review shareholder or partnership agreements, and ensure that they are watertight.		
32.	Review overheads and ensure that each expense is necessary and that you are obtaining good value. Remember that good value does not always mean the cheapest.		
33.	Think carefully before cutting your marketing spend. This is an easy target in difficult times, but if all your competitors are cutting their spending, this could be a good time to achieve a better hit rate.		
34.	With volatility in the currency markets, talk to your bank about the possibility of fixing exchange rates to protect you against import or export movements.		
35.	Review your insurance policies and ensure that significant risks are covered.		
36.	If the business is struggling financially, take advice as soon as possible in order to avoid the risks of insolvency, including charges of wrongful or even fraudulent trading.		