



Golden Opportunities in Economic Downturns

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A New Year is upon us, and for many of us that means making New Year's resolutions. The New Year is the time when we resolve to examine our personal lives and come up with a plan to improve them. Whether it is losing weight, running a marathon or finishing that home improvement project we started three years ago, we decide this is the year to do it.

This year is an especially important time to make resolutions, not only for yourself but for your business. With the economy in a slump, there is no better time to reexamine where your business has been and where it is headed. Even in an economic downturn, there are many opportunities for small businesses. There are several things you can do during these rough times to strengthen and improve your business.

Examine your business inside and out

Is your business operating as efficiently as it should? Are there new ideas or processes that could save you time or money? How is your business performing compared to industry averages? What is your breakeven point? These are just a few of the questions you should be asking yourself. It's time to take a good look at your business and see where improvements can be made. You will find that simply cutting costs is not always the best answer. Review your financial statements closely and see which areas could be improved upon. Even if your business is not yet suffering from any major effects of the downturn, stay in close contact with your accountant and banker and be proactive and open to change.

Take advantage of the economy

Many businesses are feeling the pain of decreased consumer spending. They may be offering incentives to increase their sales, which means it may be good time for you to buy inventory, supplies or equipment. Be sure to take advantage of discounts offered by suppliers, consider that remodeling project you've been putting off, and think about renegotiating any leases or contracts that may be coming due. You might be surprised at the deals that are available. Also, even though the market is down, now is a great time for you and your employees to be contributing

the maximum possible to your retirement plans. When stock prices are low, each dollar contributed purchases more stock, which will leave you with a greater value in your account when the market turns around.

Take care of your existing customers

Consumers are more conscious now than ever before about where their hard earned dollars go. While some consumers are price conscious, most are value conscious. They will pay for goods or services if they believe that they are receiving a good value for the price. Therefore, now is not the time to let customer service levels drop. Consider customer service training for your employees. Talk to your customers regularly and ask them if they have any suggestions for improving their interactions with your company. Make sure you are meeting your customers' needs because they are the reason you are in business.

Market to reach new customers

While now might not seem like the time to be spending extra money on marketing, the opposite is probably true. Now is a great time to increase your advertising and marketing efforts. With many businesses slowing their advertising spending, advertisers are more likely to negotiate and you may get more for your marketing dollar. And, consumers are listening. They are looking for better value and better solutions to their problems. When money is tight, there are lots of opportunities to find new customers if you can show them that you can provide better service than what they are currently receiving. If you don't have your own marketing department, consider hiring a marketing consultant to help your company develop a new strategy. Also, don't forget about networking. Stay active in any groups you currently belong to and consider joining new organizations. Referrals are great sources of new business.

Don't forget your employees

Times like these can be very stressful times to be an employee. Nearly every day there is a news story about another local company laying off members of its workforce. Employees may be worried that their job is next, while at home they are dealing with rising prices and less disposable income. Be conscious of the issues that your employees are dealing with and come up with innovative ways to help ease their minds. They are your most important asset and it is imperative to your business success that they stay happy and productive. Communicate with your employees regularly and don't be afraid to ask them for their suggestions about how to improve your operations; they want the company to stay in business as much as you do.

Rough economic times can be very distressing for business owners, but there are always opportunities if you know where to look. Make it your resolution this year to strengthen your business and come out of this downturn on top.

If you would like more information on this topic, please contact Katie Thomas at 888-556-0123 or kthomas@honkamp.com.

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