



GUIDE TO CONQUERING A BUSINESS CRISIS



- Cash Management
- Pricing and Cost Containment
- Supply Chain Management
- Marketing



CASH MANAGEMENT

- Prioritize who to pay first.
- Have conversations with vendors to ask for longer payment terms or partial payment.
- Have financial records in one, easily accessible place and review them daily.
- Review financial information and forecast cash needed to operate the business. Know your financial data well. Don't rely on your CPA to tell you how the business is going.
- Address problem areas where costs are out of line.
- Regularly review customer accounts and have solid credit policies in place.
- Place slow pay customers on COD or pre-payment.
- Require cash payment at time of sale.
- Talk to lenders about renegotiating existing loan terms and interest-only payments for a while.
- Keep payment promises (Don't make promises you can't keep).
- Work with federal and state government agencies about payment of past due and coming due taxes.
- Don't ignore collection letters from federal and state government agencies. They can freeze your bank accounts, cutting off access to cash.
- Have a line of credit in place, review it annually and adjust as needed.
- Sell unproductive assets now. Don't wait until a crisis.
- Consider business credit cards, but understand the risk.



- While no one enjoys laying people off, have a plan to reduce labor if needed. Check with the Georgia Department of Labor about unemployment programs available to business owners in distressing economic times.
- Reduce embezzlement opportunities by limiting check signing to the owner or requiring two check signers. Examine payroll records for accuracy and reconcile bank statements and credit card registers daily.

PRICING & COST CONTAINMENT

- Reduce unnecessary expenses like travel, entertainment and other areas that do not contribute to revenue generation.
- Review pricing and value. Don't cut prices in panic mode.
- Discuss rent reduction with your landlord.
- Review personnel requirements. Are vacant positions are really needed? Can duties of vacant positions be divided among other employees or performed by part-time workers or temporary workers? A lean workforce before a crisis, will help you survive.
- Consider renting unused space to other business owners.
- Eliminate discounts and giveaways.
- Negotiate discounts with vendors, when possible. Remember, trying times impact them too. They may be willing to offer short-term discounts they otherwise wouldn't.

Contact your local Idaho SBDC office for assistance with any of the items in this guide. With 6 offices across Idaho, there is an office near you. A complete list of offices is available at the end of this document.

SUPPLY CHAIN MANAGEMENT

- Review inventory levels regularly. Conduct inventory at least monthly.
- Consider adding items with faster turn times.
- If your POS system has an inventory management feature, enter products as they come in. Your POS system will provide daily inventory information.
- Look for vendors that provide a just-in-time option for ordering products.
- Eliminate slow sellers when reordering and liquidate products that have been in inventory beyond 90 days.
- Stay engaged with your suppliers. Don't wait until a crisis.
- Assess operations and capacity. Adjust as needed.



ABOUT THE UGA SBDC

The Idaho Small Business Development Center (SBDC) is a statewide, university-based organization which has been helping small businesses succeed since 1986. Everyday, experienced Idaho SBDC consultants meet with clients – just like you – to provide guidance in developing and growing a successful business, as well as helping them to survive difficult times.

IDAHO SBDC LOCATIONS

REGION 1: NORTH IDAHO
208.665.5085

REGION 2: NORTH CENTRAL IDAHO
208.792.2465

REGION 3: SOUTHWEST IDAHO
208.426.3875

REGION 4: SOUTH CENTRAL IDAHO
208.732.6450

REGION 5: SOUTH EAST IDAHO
208.244.8521

REGION 6: EAST IDAHO
208.523.1087

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MARKETING

- Identify key target customers and consider a “niche focus.”
- Reassess your marketing strategy.
- Consider redistribution of marketing expenditures.
- Communicate regularly with customers to keep relationships:
 - Customer support, business hours, services, special order needs, promotions
- Strengthen digital communications and online presence.
 - Use multi-channels to reach your audience: social media, email, website, text, etc.
 - Develop/update online profiles
 - Update your website
- Use Technology to expand services:
 - Facebook Live, video, e-commerce sites, payment and services apps, video conferencing, chat box, networking, etc.
- Watch for new trends and look for opportunities to provide solutions.