



How Can Small Businesses Survive a Recession?

Everyone is feeling the effects of the present recession, from private individuals to large corporations and governments. Most of the information on surviving this difficult period thus far has been aimed at either individuals or large companies. However, small businesses form a significant part of the local business landscape. With this in mind, our focus this week is on small businesses and what they can do to ride out the recession. Although we are targeting small businesses, the information provided can be used by all companies.

Involve Employees

During tight economic times, the tendency for management is to create a shroud of secrecy. This is usually not a good move as staff must be made aware of the situation and the possible implications. We recommend that staff become involved in the decision making process which could provide a range of alternatives. For example, in Jamaica, at a particular company, the staff agreed to take a pay cut so that the company could remain operational and they could continue to work. Without this, management may have taken the unilateral decision to terminate staff, not realizing that they would be willing to take a pay cut.

Take Care of Your Customers

Getting new customers is difficult at any time so a recession only makes it that much more difficult. So it is critical that you try as much as possible to keep your present customers. This could involve giving them special offers and discounts. Also, review your customer service quality. Most industries have a number of players, what differentiates each of them is the level of service they provide. People remember good service and they always recommend companies that provide excellent customer service.

Review Your Expenses

We are not asking that you become a scrooge but there must be more frequent reviews of expenses. All expenses must be examined and any unnecessary costs cut as this is as good a time as any to 'trim the fat'. Efficiency must be a priority of any organization so we implore you to use this period to conduct an internal audit of your operations. This would include the processes and procedures you have in place.

Increase Advertising

You may be wondering if now is the time to spend scarce resources on advertising, but it actually makes sense to be doing just that. You want people to know about your business and what services you provide. You have to get your name and message out. What is important however, is the medium that you use. Firstly, ensure that the medium will give you maximum 'bang for your buck'. You may not be able to afford television advertisements but you can reach a wide cross-section of the population with a well placed radio advertisement.

In concluding, we must state that although this is a trying time for small businesses, it provides a unique opportunity for them to review their operations and become more efficient.