



SURVIVING THE CREDIT SQUEEZE AND RECESSION

We have all seen the impact of the global credit squeeze and media frenzy on trading conditions with the major constriction on the equity markets and banks. We understand our clients' needs and have a few suggestions to help you through the downturn:-

- ✚ **Communicate with your staff.** Your staff are your most valuable asset and the more informed they are, the better the morale. Trading rumours have a devastating impact on staff so be open. Staff can be a source of new business, institute an incentive scheme to encourage them to bring in more business but remember to make it worthwhile.
- ✚ **Watch your stock levels.** Buy in raw materials or goods when funds are available to carry you through quieter periods .
- ✚ **Communicate with your suppliers.** It is in the best interest of your suppliers to differing terms as whilst you are in business, they remain in business. **HAGGLE**
- ✚ **If you have existing suppliers providing you a credit line,** don't stress the relationship. A credit line is a valuable tool for cash flow, the last thing you want is to have to pay cash up front.
- ✚ **Try not to cut back too much on advertising.** You need to make sure your name is known to a wider market.
- ✚ **Restrict overtime** or only allow overtime as time off work.
- ✚ **Watch you staffing levels.** It's best to have staff busy rather than insufficient work to occupy their time.
- ✚ **If you do need to recruit,** then think about more mature staff as you may be able to avoid having to pay national insurance. Apprenticeship schemes are also a good way to recruit staff especially to technical jobs as there are government incentives available.
- ✚ **The economy is a cyclical system** and businesses should always have recession planning even in good years.
- ✚ **Talk to us, your accountants (1).** Your business is our business and we will be more than happy to help you with advice and services throughout the year and not just at audit time.
- ✚ **Talk to us, your accountants (2).** We can also provide you with fresh tax advice. A repercussion of the recession is that some interesting tax planning is available and viable. Clients with exposure to HMRC have a particular interest in refreshed advice.

Whilst we can't guarantee that by following some of these tips your business will survive, a proactive approach may help you.