

Tennessee Small Business Development Center at Volunteer State Community College



A public service program of the Division of Continuing Education & Economic Development

February's Newsletter Topic: Small Business Survival in Rough Economic Times

Obviously, 2009 is not going to be a record breaking year for most businesses. As a matter of fact, I have several clients that are downright anxious about making it through the year--period. Although we may be at the bottom of what this current economy has to offer, you should not panic. Take this time to focus on a few key areas of your business that will allow you to keep your business on track. Review these strategies and identify a couple that can assist you in your business. Keep in mind that there is no one right answer and that borrowing money will not return you to prosperity.

Financial

- Review your monthly income statement and cash flow statement. You want to look for trends and upcoming problems. If necessary, sit down with your accountant to review these financial statements.
- While increasing income takes a little time, decreasing expenses can be immediate. That doesn't mean to just make broad cuts across the board. Instead, look for specific fixed expenses you can lower. Odds are that there are some expenses that you haven't taken a look at in quite some time.
- If you carry an Accounts Receivable, make sure you have a collections policy and follow it. Don't let customer credit become bad debt that burdens your finances.
- In uncertain economic times, there may be the tendency to pay off debt more rapidly than is required. However, building reserves cash may offer you a level of safety for future needs since the borrowing capacity of most small businesses has declined.

Marketing

- I know that I just said it may be time to cut costs, but this is the area you may need to increase costs. That doesn't mean to keep marketing with the same methods, but if sales are slow, you may need to actually increase marketing instead of cutting back.
- We have all heard the statistics about how much easier and profitable it is to keep a customer than it is to create a new one. Armed with that knowledge you should consider developing a customer loyalty program that will assist you in these tough times.

- Ask your customers what they want. Consider a customer survey. Internet survey tools like Zoomerang™ or SurveyMonkey™ can be free or very low cost.
- Identify and develop your competitive advantage. Why does the customer want to do business with you? What do you do better than your competition?

Management

- Analyze the amount of inventory and other assets you have on hand. While you need products and equipment to make sales, you do not need an excess of either.
- Take this opportunity to focus on tasks that may include professional development and training or research and planning. If it is possible, you might even use this slow period for personal development, which will help you maintain the right attitude, while you begin to practice the other tips mentioned previously.
- High employee productivity is essential in poor economic times. You may need to look at your business and identify “that isn’t in MY job description” attitudes and make adjustments. It often cuts across the grain with small business owners, but surviving with a few employees is better than failing with all employees.

February Small Business Workshops

Sign up for any of these workshops online at www.tsbdc.org.

IRS Small Business Tax Workshop ★

Friday, February 06, 2009 9:00 AM to 3:30 PM

This workshop is conducted by an IRS trained tax professional. The workshop begins at 9:00 a.m. All materials are included. There will be a one hour lunch break. Topics covered in the workshop include: tax deposits, employment taxes, estimated taxes, credits and deductions. Each participant should bring a calculator. Reservations are required.

How to Start a Small Business ★

Tuesday, February 10, 2009 4:00 PM to 6:00 PM

This workshop provides basic information on starting a small business. It will also discuss services provided by the TSBDC. Reservations are required.

Internet Marketing ★

Thursday, February 19, 2009 3:00 PM to 5:00 PM

This class will use layman's terms to explain and describe a variety of online marketing methods that can not only keep your business from struggling during this recession, but can also help it grow. We'll cover search engine optimization (SEO), helping your website rank better on Google, e-mail marketing, blogging, social networking, viral marketing, and much more. Come join us for this free class and walk away with some fantastic tips on using the Internet to market and grow your business.

Business Survival in Tough Economic Times ★

Thursday, March 05, 2009 1:30 PM to 4:30 PM

This free training event is designed to address a wide range of steps business owners can take to preserve cash and maintain business operations during the present national economic recession.

The TSBDC also offers free and confidential one-on-one counseling for existing and start up small businesses. To register for go to www.tsbdc.org. The Tennessee Small Business Development Center Network is funded by the U.S. Small Business Administration and local community donors.

Other contact information - Phone (615) 230-4780 www.volstate.edu/tsbdc

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Small Business Tip of the Month:

Analyzing the Competition

One of the biggest mistakes a small business owner can make is to ignore the competition. You can easily use this chart below to analyze what the competition is doing. Armed with this information you can make simple improvements to your business that can yield big dividends.

Category	Your Business	Competitor A	Competitor B	Competitor C	Competitor D
. Location					
a. Traffic count					
b. Size, square feet					
c. Est. rent/mortgage					
d. Neighboring business					
e. In store image					
f. Exterior image/signage					
. Staffing levels					
a. Management					
b. Sales staff /clerks					
c. Production/operations					
. Advertising/promotion					
a. Where					
b. How often					
c. How much \$					
d. Website / e-commerce					
. Sales					
a. Number of customers					
b. Purchases \$ / customer					
c. In store sales					
d. Number of cars in parking lot					
(1) License plate location					
(2) Make, model, year					
. Customers					
a. Age					
b. Gender					
c. Income					
d. Race/Ethnicity					