

Weathering the Recession Storm

Some tips for staying lean and sticking around in tough times.

1. Take fast and decisive action. Quickly review core administrative and overhead functions. Determine areas that can be streamlined or where costs can be cut. Examples could include re-evaluating your company's employee health insurance plan – changing a co-pay on an employee plan by just \$5 can drastically reduce premiums and in some cases be the difference between the company being able to afford the coverage or not. Also, look at inventory purchasing methods. Are you being as aggressive as possible when evaluating stock levels?
2. Develop a comprehensive plan. Look at your company's operation from top to bottom. Evaluate all areas for improvement and make a list of the changes that could potentially be made. Communicate your plan and ideas to your core management team to help your company make improvements company-wide.
3. Manage costs with relevant and timely reporting. It is never more important than during a recession to keep an eagle's eye on your financial results. Make sure that the reports that you are reviewing include the information you need to make good decisions about your company. Also, make sure that you receive your financial reports in a timely manner so that they aren't ancient history when you are reviewing them.
4. Conduct an internal "tune-up". Could the company use some restructuring to make it more efficient and responsive to customer needs? Restructuring of this nature ultimately will lead to a more efficient and lean infrastructure.
5. Manage operating results proactively. Expenses out of whack? Spending on the rise? Take immediate action to quell spending that is out of line with revenues.
6. Tame the cash flow beast. Take the time to review and manage cash flow aggressively. Develop cash flow projections so that you can minimize unwanted surprises and maximize your use of funds.

By using some of the tips above, you can make improvements to your company's bottom line that will not only help in tough times but will make your company healthier and stronger in the good times. For additional information on managing a company's bottom line or specific ways to use the information above, please contact us at 775-359-7600.