

The SBO Program @Iert

Preparing for Tough Times Ahead

As at December 2019...

There are two key factors that are going to impact your customers, your competitors, your marketplace and your business future.

I refer to (a) the fallout from the Bank Royal Commission and (b) the end of a 27 year inflationary economic boom cycle to a deflationary bust cycle.

Small business owners [& property investors] will be hit hardest because they don't understand the game and are so busy working they won't be prepared.

The problem, known as a credit crunch, occurs when the banks cut their lending, especially to businesses; over time this impacts the whole economy.

These tactics will help you prepare for, and even thrive, in tough times...

1. As uncertainty rises connect with customers offering more value:

- * Value is not based on price, but on loving, giving, serving & caring
- * In other words don't reduce price & quality; rather, increase value
- * Create and give a powerful guarantee on all work
- * Promise to return after a job is finished to 'check all is well'
- * At the very least ring customers a week or so after completion
- * Customers BUY parts & labour; but you SELL convenience.

2. Identify your most profitable customers and jobs:

- * Don't try to be all things to all people; instead focus on the best
- * Highlight and market your point of difference [other than price]
- * Present customers with a Proposal instead of a quote on big jobs.

3. Cash is king in tough times, so build your cash reserves:

- * With cash you can do deals, pay bills on time & protect reputation
- * Sell unwanted or non-core assets to generate cash
- * Reduce 'cash-drains' [such as excessive lifestyle expenses].

4. The key to managing:

- * Establish one key weekly target and monitor actual performance - it could be \$ invoiced; gross profit; money banked; or hours sold.

5. If you have had or still have any bank loans:

- * Check the "Events of Default" clauses in your loan documents
- * Once the debt is repaid, discharge the mortgage to free your title.