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Grow Your Small Business in a Slow Economy

There is no doubt we are facing tough economic times. We see the effects all around us: Consumers are not spending as freely; lenders are cautious; business is slow; and the business owner is worried. The concern is simple – in a time where we seem to be facing a recession, how does a small business owner keep his business running profitably? Following are suggestions to help your business survive during these challenging times.

- Rethink and revise your business plan. Possibly your business plan was written when you were a start-up. Do you need to concentrate on the same areas you did previously? Focus your actions and efforts in the direction you want your business to move. Think about your vision; document, in writing, specific goals you want to accomplish; turn ideas into reality.
- Look at your products and services and determine which need to stay and which can be eliminated. Goods or services that have been slow sellers can be cut from your offerings. Analyze the cost of acquiring products and servicing customers; look at your returns. Review your finances and the way you generate cash flow. Concentrate on the area or areas yielding the most return for you. What does your business make a profit on? Once you determine your business' unique manner of generating business - focus, plan, implement and prosper.
- Make the most of your current customer base. Communicate with your best customers. Target repeat customers; talk to them; possibly reward them for their loyalty – they can help you during lean times. Consider contacting past customers.
- Be careful not to drastically reduce prices on your products or services; you will undermine the brand you have built over the years. Instead, consider lower cost re-packaging of your products or service offerings that can fit your customers' decreased budgets. Offer multiple price options, different payment options or introduce a new entry-level product.
- Improve sales team training. Employ up-selling techniques such as, 'would you like a beverage with your order?' used by fast food restaurants. Bundle complimentary products or services and offer customers a discount for buying in greater quantity. This has a twofold benefit - you will create goodwill with your customers and, at the same time, increase sales.
- Increase marketing efforts. In down times, businesses often decide to cut expenses; many attack the marketing budget first. Experts suggest marketing dollars should actually be increased in a slow economic environment. Competitors may decrease their expenditures for marketing. If you are increasing your efforts, you may be able to attract your competitors' customers due to your increased exposure. Advise your marketing team to develop messages that hit a nerve with customers trying to pinch pennies.
- Utilize technology. If you do not have a website, consider establishing one. Online ordering and online customer service is becoming commonplace. Although there is a cost associated with the use of technology, it can help to reduce business expenses such as travel, printing and postage, advertising and payroll. Annually, the Duquesne University SBDC hosts the Pennsylvania Business Technology

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Conference. Plan to attend this year on November 13, 2008. For more information, visit www.conference.duq.edu.

- Consider partnerships with businesses that offer similar or complimentary products or services. This can work as another marketing channel for you.
- You may consider bartering. Organizations like the National Association of Trade Exchanges (www.nate.org) and Green Apple Barter Services (www.greenapplebarter.com) help businesses barter products or services. Visit their websites for more information.
- Network. Build a rapport with your clients, creditors and suppliers. Allow word-of-mouth to help advertise your business. Get out there and talk about your business, your services and products. Attend seminars, workshops and tradeshows. On June 4, 2009, plan to spend the day networking and attending workshops at the annual Entrepreneur's Growth Conference.
- Ask past customers to provide testimonials and tell them you are available to answer questions about your products and services to new referrals.
- Diversify your vendors. Sourcing all products through one supplier is risky; they may go under if times get worse.
- Renegotiate loans, contracts and costs. Consider asking for lower prices, longer payment cycles, and reduced interest rates.
- Consider leasing real estate, vehicles, or equipment instead of buying.
- Review your inventory and return unsold products to suppliers, or consider sales or reduced prices for slow-moving or excess items that can't be returned. In a slow economy, you need to be converting your inventory to cash.
- Call in accounts receivable.
- Look at your insurance policies and shop around for better insurance rates.
- Review staffing requirements. As hard as it is, it may be necessary to consider downsizing, attrition or converting full-time positions to part-time.
- Consider exporting your products and services to countries that are experiencing a thriving economy. The Duquesne University Small Business Development Center's *Global Business Program* offers consulting services and training seminars for businesspersons interested in exporting.
- Consistently spend a little time on your business each day. Cold call five new customers. Send out three direct mailings. Plan to attend one networking opportunity each month.
- You can contact the Duquesne University SBDC by phone at 412.396.6233, email at duqsbdc@duq.edu or visit our website, www.sbdc.duq.edu.

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