

## Are you ready to get SMART in 2009?



***Antony Doggwiler, a Principal at Orchard Growth Partners, highlights some of the issues that smart businesses need to consider to give themselves the best chance of success in 2009.***

How are you feeling about 2009? Are you confident? Comfortable? Nervous? Has your mood been influenced by all the negative economic news and views, collapsing banks and gyrating stock markets? Is your next facility review due with your bank manager, and, with all the talk of a credit crunch and recession are you worried?

However you are feeling, and even given the recent Government action to stabilize the banking system, you know that 2009 will be a year of challenge for your business. But there are still a number of steps that you, a smart business owner or manager, can take to give yourself and your business the best chance of succeeding whatever the current situation.

**Start work on your 2009 budget now** (if you have never done one before now is the time to start). Make sure this covers:

- Realistic **cash flows**; remember cash more than profit is the lifeblood of your business
- An honest assessment of **sales** and a review of your customers, existing and new. Remember the cost of selling to existing customers is less than gaining new ones. Also dealing with bad or problem customers now will reduce the risk of problems later.
- Your **credit control** processes; case studies demonstrate that using a credit controller can not only pay for themselves but can dramatically improve the cash position
- Aligning your **costs** with **sales expectations**; if they are not aligned you need to review them
- Checking and rechecking that your **financial facilities** are suitable for your business in its current position
- An **early warning system** based on key performance indicators; take advantage of opportunities when they arise and take action quickly during a downturn

A key action is to **reconfirm your banking relationship**. If problems do arise later, your bank manager is more likely to support you if your underlying relationship is good and if you approach them well before any problems will impact on the business.



finance focused | value driven

[www.orchardgrowth.com](http://www.orchardgrowth.com)

With your financial plan in place, then **take a look at your risks**. For example if your business trades internationally and relies on imports or exports, you should be minimising your currency exposure and making sure that your pricing reflects this (and with a weak pound against the Euro and the Dollar right now, it is also an opportunity to be cheaper than your overseas competitors). If you need to invest in the business, look at the most flexible way of doing so.

New laws and regulations keep coming into force (59 alone came in on 1<sup>st</sup> October 2008) and these require that your internal systems and procedures must be under constant review. Make sure you do this, check with your external advisors, and call your insurance broker about what action you need to take to ensure that you are covered for any extra risks. **Whatever cost pressures your business has you must remember not to confuse cutting costs with cutting corners.**

Of course you can do all the above using your own resources. But it can pay to involve an outsider such as a part-time finance director to cast a fresh eye over your plans and your potential risks for 2009.

Some businesses may decide to do nothing, get lucky, and still survive and prosper. However smart businesses who can demonstrate robust financial control, planning and risk management systems are more likely to achieve success in 2009 than those that do not.

Is your business a **SMART** business?

**Orchard Growth Partners provides Part-Time Finance Director Services to SMEs and will be launched the SMART Campaign 2009 in November 2008. Further details can be obtained by contacting [smart@orchardgrowth.com](mailto:smart@orchardgrowth.com).**

**More information and useful tips are available on the Orchard Advent Calendar;**

<http://www.orchardgrowth.com/news/orchard-news/the-orchard-advent-calender-304.php>