

## **SMALL BUSINESS SURVIVAL DURING THE 2009 ECONOMIC CRISIS**

*By Mike Hardesty*

In today's backward sliding economy, the first priority of small business is not "to maximize profit" or "to gain market share." It is survival, pure and simple. Newspapers, radio and television stations, business journals, Wall Street pundits are awash with reports of gloom and doom. Corporations like General Motors and several major banks, once thought to be the foundation of our economy, are in serious trouble. It has long been said, "So goes General Motors, so goes the country." Let's hope that's not true. In these perilous times, knowing how to achieve long term survival is more critical than ever.

The most important thing small business owners can do in this environment is to get a critical evaluation of their organizations by an independent, outside turnaround specialist. One that knows the telltale signs of pending disaster and knows how to deal with it. Small business owners have always survived not by competing head-to-head with big, multi-national companies, but by making inroads in areas the larger companies ignore. The small business strategy requires constant attention to detail and analysis well beyond the operational level. It is critical that everything included the basic business model down to housekeeping issues be subjected to rigorous and thorough examination. This means determining what, precisely, the business needs to do to stay afloat: how to manage positive cash flow, making cost cuts where necessary and doing everything possible to keep cash coming in.

Much of this analysis can readily be done by the business owner himself or herself, but a substantial part of a company's success is based on perception of how current and potential customers view the small business owner's ability to survive the storm. However, determining such perceptions internally is extremely difficult to uncover due to a lack of trained personnel and/or due to the inability to remain objective when drawing conclusions. It's just human nature.

The obvious alternative, engaging outside experts, is often impossible when money is tight and budgets are small. But this does not mean small business owners can ignore the example set by most successful companies. What almost all business success stories have in common is a relentless commitment to succeed, regardless of whatever obstacles attempt to block their path. Losing is not an option.

What most successful companies recognize is that survival hinges on two separate yet intertwined factors: acknowledging they have problems beyond their area of expertise and accepting the fact that they need outside help.

Small business owners cannot shy away from hard decisions. For example, employees that consistently fail to perform must be replaced with those that will. The smaller the company, the more difficult such actions may be to take, but they are essential. Similarly, owners need to ensure they have employees who are prepared to do what it takes to deliver results, even if that means asking an employee for a commitment far greater than the competition may require of their employees. Employees are either in the boat, or they're not. Everyone is in this thing together--- for the long haul.

Surviving requires a company to recognize when it is lacking expertise, and to identify whether that expertise can be delivered through hiring a new employee, retraining existing staff or seeking outside advice and counsel. Money invested in improving core business competencies is never better spent than now because it directly impacts sales, costs, productivity and perceptions.

Many entrepreneurs cry that the investment is simply beyond their means. They cannot fathom investing dollars on "fancy" problem assessments from a turnaround expert. The "too expensive" may be valid but consider this: The alternative is not very pretty. The three most often replies from small business owners when confronted with making this hard decision are:

- "I can fix it myself",

Well, if you could fix it, you would have already done so.

- "I can't afford it."

Can you really afford not to do everything you can to save your company? Imagine if a child of yours needed open-heart surgery. You wouldn't hesitate a minute. You would want the operation to take place immediately and you would want the best possible surgeon to perform the operation.

- "Now is not the time."

Oh really? How much more bleeding can you stand? If now is not the time, there never will be a "right" time. Make a decision. And remember that doing nothing is a decision.

It comes back to the issue of an outside evaluation. If a company has a clear vision of where it is, where it wants to go and a plan of how to get there, the optimal way to attack the problems becomes much easier. This allows for a concentration of available resources where they can best be utilized. The focus of this effort lies at the heart of small business survival, regardless of size.

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