

It's time to focus on resilience

The UK is currently struggling under the weight of high inflation, rising borrowing costs, and most economists are predicting a contraction in the economy within the next six months. Conditions are likely to remain challenging for businesses and individuals alike, so now is a good time to focus on resilience.

Resilience is the process of adapting well in the face of adversity, trauma, tragedy, threats, or significant sources of stress — such as business, workplace, and financial stressors. It means "bouncing back" from difficult experiences.

So, what actions can you take now to remain resilient to any downturn in the economy?

Here are a few suggestions to help you think about your business:

- Review your budgets and set realistic and achievable targets for 2023/24.
- Be careful with 'can't pay' customers and get rid of 'won't pay' customers.
- Review your debtors list and chase up overdue invoices. Offer existing debtors extended payment terms and/or discounts.
- Make sure your terms of business contain explicit payment terms.
- Assign responsibility to one individual for invoicing and collections.
- Agree extended payment terms with all suppliers in advance. If appropriate, review banking facilities and discuss future needs.

- Put extra effort into making sure your relationships with your better customers are solid.
- Review and flow-chart the main processes in your business (e.g., sales processing, order fulfilment, shipping, etc) and challenge the need for each step.
- Encourage team members to suggest ways to streamline and simplify processes (e.g., sit down and brainstorm about efficiencies and cost reduction).
- Review your staffing needs over the next few months. Review your list of products and services and eliminate those that are unprofitable or not core products/services.
- Establish your key performance indicators (KPI's) and measure them on a weekly basis, e.g., sales leads generated, orders supplied/fulfilled, cash balance, stock turnover, debtor days, gross profit, and net profit.



The important thing to remember is that the vast majority of people will not lose their jobs, the majority of businesses won't fail and, eventually, we'll recover. *(NatWest Bank, Key economic predictions for 2023).*

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