



GUIDE TO CONQUERING A BUSINESS CRISIS



- Cash Management
- Pricing and Cost Containment
- Supply Chain Management
- Marketing



CASH MANAGEMENT

- Prioritize who to pay first.
- Have conversations with vendors to ask for longer payment terms or partial payment.
- Have financial records in one, easily accessible place and review them daily.
- Review financial information and forecast cash needed to operate the business. Know your financial data well. Don't rely on your CPA to tell you how the business is going.
- Address problem areas where costs are out of line.
- Regularly review customer accounts and have solid credit policies in place.
- Place slow pay customers on COD or pre-payment.
- Require cash payment at time of sale.
- Talk to lenders about renegotiating existing loan terms and interest-only payments for a while.
- Keep payment promises (Don't make promises you can't keep).
- Work with federal and state government agencies about payment of past due and coming due taxes.
- Don't ignore collection letters from federal and state government agencies. They can freeze your bank accounts, cutting off access to cash.
- Have a line of credit in place, review it annually and adjust as needed.
- Sell unproductive assets now. Don't wait until a crisis.
- Consider business credit cards, but understand the risk.



- While no one enjoys laying people off, have a plan to reduce labor if needed. Check with the Georgia Department of Labor about unemployment programs available to business owners in distressing economic times.
- Reduce embezzlement opportunities by limiting check signing to the owner or requiring two check signers. Examine payroll records for accuracy and reconcile bank statements and credit card registers daily.
- Leverage technology. If you are a restaurant or retailer, look at online ordering options with pickup or local delivery. If you are an accountant, attorney or financial advisor checkout one of the many free or low-cost video conferencing options which allows easy "face to face" communication.

PRICING & COST CONTAINMENT

- Reduce unnecessary expenses like travel, entertainment and other areas that do not contribute to revenue generation.
- Review personnel requirements. Are vacant positions are really needed? Can duties of vacant positions be divided among other employees or performed by part-time workers or temporary workers? A lean workforce before a crisis, will help you survive.
- Eliminate discounts and giveaways.
- Review pricing and value. Don't cut prices in panic mode.
- Discuss rent reduction with your landlord.
- Consider renting unused space to other business owners.
- Negotiate discounts with vendors, when possible. Remember, trying times impact them too. They may be willing to offer short-term discounts they otherwise wouldn't.

Contact your local Montana SBDC office for assistance with any of the items in this guide. With 10 offices across the state, there is an office near you. A complete list of offices is available at the end of this document.

SUPPLY CHAIN MANAGEMENT

- Review inventory levels regularly. Conduct inventory at least monthly.
- If your POS system has an inventory management feature, enter products as they come in. Your POS system will provide daily inventory information.
- Eliminate slow sellers when reordering and liquidate products that have been in inventory beyond 90 days.
- Consider adding items with faster turn times.
- Look for vendors that provide a just-in-time option for ordering products.
- Stay engaged with your suppliers. Don't wait until a crisis.
- Assess operations and capacity. Adjust as needed.



MARKETING

- Identify key target customers and consider a “niche focus.”
- Reassess your marketing strategy.
- Consider redistribution of marketing expenditures.
- Communicate regularly with customers to keep relationships:
 - Customer support, business hours, services, special order needs, promotions
- Strengthen digital communications and online presence.
 - Use multi-channels to reach your audience: social media, email, website, text, etc.
 - Develop/update online profiles
 - Update your website
- Use Technology to expand services:
 - Facebook Live, video, e-commerce sites, payment and services apps, video conferencing, chat box, networking, etc.
- Watch for new trends and look for opportunities to provide solutions.

ABOUT THE MONTANA SBDC

The Montana SBDC network supports ten regional centers across the state, focusing on free one-on-one counseling and low cost training in areas such as financial analysis, business planning, strategic planning, loan packaging, financial projections and market research to help small businesses achieve their goals of growth, innovation and success.

MONTANA SBDC LOCATIONS

BILLINGS SBDC

Big Sky EDA
406.869.8404

HELENA SBDC

Montana Business
Assistance Connection
406.594.7487

BOZEMAN SBDC

Prospera
406.587.3113

KALISPELL SBDC
Flathead Valley Community
College

406.609.9496

BUTTE SBDC

Headwaters RC&D
406.533.6780

MILES CITY SBDC

Miles Community College
406.874.6168

GREAT FALLS SBDC

Great Falls Development
Authority
406.836.2078

MISSOULA SBDC

University of Montana
406.243.4770

HAVRE SBDC

Bear Paw Development
Corporation
406.399.1557

WOLF POINT SBDC

Great Northern
Development Corporation
406.650.2524