

10

RECESSION BUSTING TIPS

By Richard Francis FCA, CEO of Spotlight Reporting



Table of Contents

01	Re-Evaluate Your Business Model
02	Ensure Your Team is Optimised and Ready
03	Focus on Forecasting
04	Understand Government Assistance Schemes
05	Constructive Communication with Customers
06	Talk to Your Bank and Stakeholders
07	Dive into Your Numbers
08	Update Strategy and Direction
09	Double Your Support Networks
10	Manage Yourself

10 Recession-Busting Tips

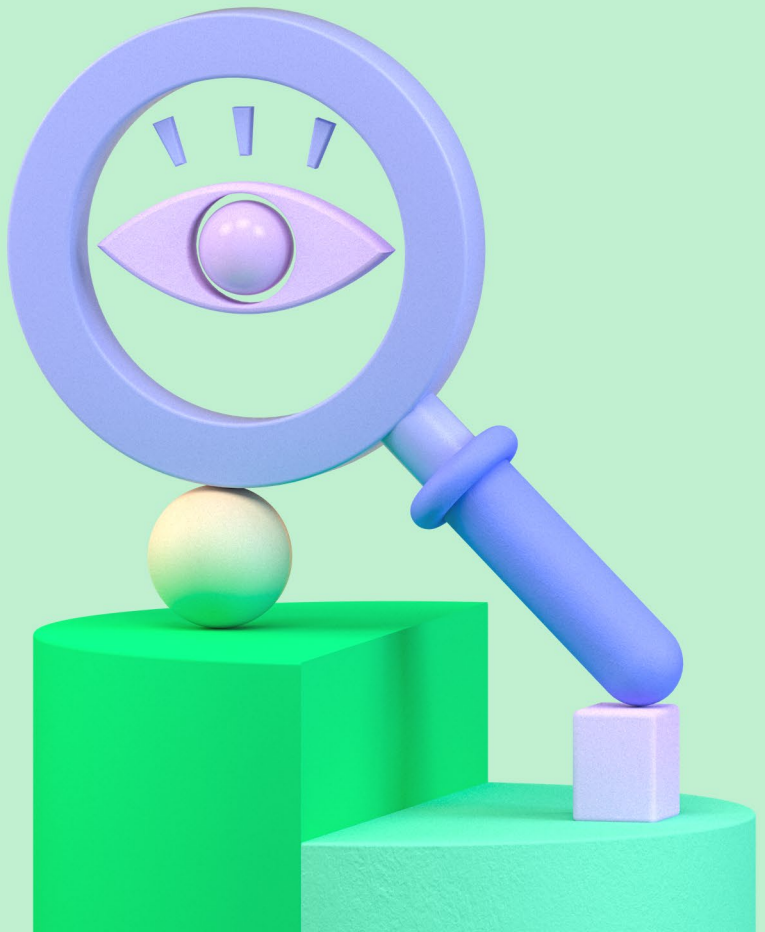
While recessions are often out of our control, what is in our control is how we react in a crisis, and this will dictate our success moving forward. During a financial downturn, the businesses that perform the best are the ones that meet it head on, taking proactive measures to mitigate disaster. A 2010 article in the [Harvard Business Review](#), focused on the Global Financial Crisis, found that of the businesses they surveyed, only **9%** thrived after a period of slowdown, beating their competitors by at least **10% in sales and profits growth**.

But which actions insulate businesses during a financial crisis? How can small businesses survive in an environment that requires them to close up shop? Here's a list of 10 actionable steps to take, to keep your business buoyant in the rough seas of a recession.



01.

RE-EVALUATE YOUR BUSINESS MODEL



01. Re-Evaluate Your Business Model

Take the earliest opportunity available to revise how your business operates, to fit with changing economic circumstances. If the way you work has to change, whether it's due to government lockdowns, or just in general, make it a change for the better! Be sure to consistently re-evaluate your business model as time goes on. Really get to the heart of **why** you do what you do, and ask yourself if there are ways that you can do it better.

- Are there changes you can make now that should be made permanent once the economy starts picking up?
- Do you have a business continuity plan, and are you prepared for future lockdown scenarios?
- Has your team learned to effectively collaborate in new ways that will serve you for the better going forward?
- Have you had to shorten your turnaround time, or revamp the way you communicate with and deliver to your clients?

Good things can come from bad times, if decisions are made with a cool head.

Case Study: Ben Kepes, Cactus Outdoor

“We’ve converted our entire factory to face mask production and are standing up a new factory next week in order to ramp up production of our N95-protection level face masks.”

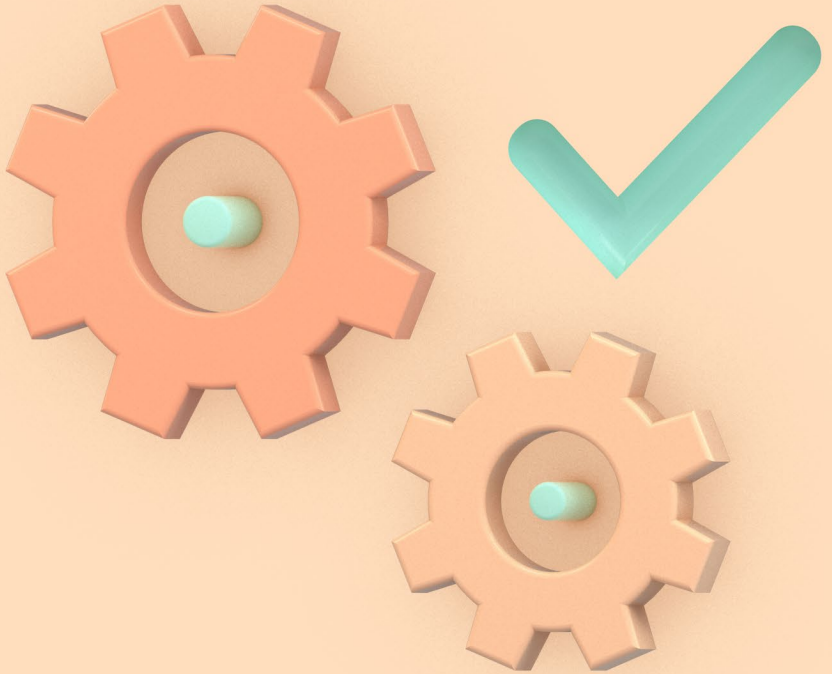
In April 2020, when the coronavirus pandemic began affecting New Zealand, Ben Kepes converted his Cactus Outdoor factory from clothing manufacturing to face mask production. On the financial side of things, Spotlight Reporting gave him the insight to make big decisions quickly.

“Focus on cash flow,” says Ben, “and understand your metrics. Take a long hard look at yourself and see whether what you do is truly additive to society— if not, you might find life gets a bit more difficult.”

Take a long hard look at yourself and see whether what you do is truly additive to society— if not, you might find life gets a bit more difficult.



Ben Kepes
Co-Founder & Director, Cactus Outdoor



02.

ENSURE YOUR
TEAM IS OPTIMISED
AND READY

02. Ensure Your Team is Optimised and Ready

Take care of your team, so they can take care of business. Health and safety doesn't just mean letting everyone in the office know where the hand sanitiser is. Keeping your team healthy and motivated is key to the survival of your company. Some of your employees will handle the disruption of a recession better than others, but all should be supported mentally, physically, and emotionally through this time.

If you have any hard decisions to make to keep the business afloat, make them early. If you have people willing to step up into leadership roles, let them shine. The more your team is on your side, the better your chances for success.

Case Study: Xero



Xero has always been a huge proponent of focusing on better mental health outcomes. The correlation between difficult economic times and poor mental health is an obvious one, which is why they launched the Xero Assistance Program (XAP).

XAP was a year-long pilot program, providing New Zealand small businesses with access to face-to-face, telephone, and online counselling. In 2020, it was available free of charge through Xero's global provider, Benestar, and offered to Xero starter, standard, and premium subscribers, their employees, and their families.

This is the definition of: "Take care of your team, so they can take care of business".

We have a collective responsibility and this is our opportunity to step up, not to solve the problem, but to help.
— Xero



03.

FOCUS ON FORECASTING



03. Focus on Cash Flow Forecasting

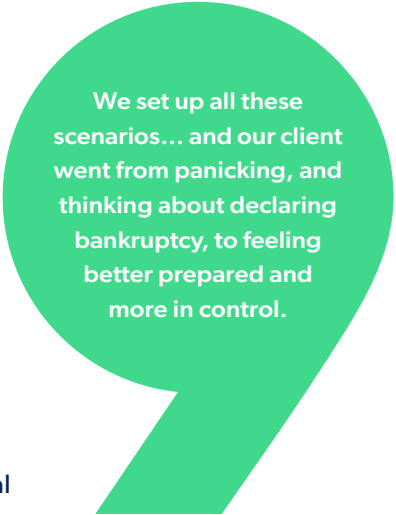
Financial expertise might mean the difference between sink or swim. With that in mind, there are a number of services an accountant or advisor can offer that could make a real difference in operating during a recession. First and foremost, if you're a business owner, you're going to need a cash flow forecast. If you're an accountant, you should be providing one to every client. There's no point getting through the worst of the slump, only to find that you've run out of money.

Business owners: ask your accountant for help with tax planning, government packages, and compliance and relief strategies. Chances are, this isn't the first recession they've worked through, and they might have game-changing insights that will see you thriving.

Case Study: Clayton Achen, CEO of accounting firm Achen Henderson.

When lockdown regulations came into effect across Calgary, Canada, Achen Henderson started receiving calls from clients who were worried about their long-term viability. One such client was a local doctor, whose lawyer had advised him to close up shop immediately, something which wasn't financially viable for him.

"He was teetering on being an essential service," says Clayton, "so we decided that the best course of action was to provide him with a Spotlight Forecast. We set up all these scenarios for him, showing exactly what he could expect if this happened, or that happened... and he went from panicking, and thinking about declaring bankruptcy, to feeling better prepared and more in control—he and his business were going to be just fine."



We set up all these scenarios... and our client went from panicking, and thinking about declaring bankruptcy, to feeling better prepared and more in control.

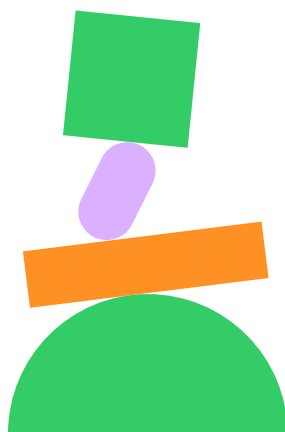


Not long after this experience, Clayton decided that every single one of Achen Henderson's clients deserved the same level of insight to help them get through the pandemic. They sent out an email to all their compliance clients, offering free forecasts until the team ran out of capacity to generate more.

"That's valuable insight that the CEO of every major company has, because they have a devoted financial team," says Clayton. "Spotlight gives you the ability to bring that capability into small businessland, and give business owners those insights that they really need."



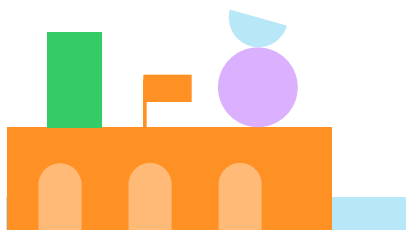
Clayton Achen,
Partner, Achen Henderson



04.

UNDERSTAND GOVERNMENT ASSISTANCE SCHEMES





04. Understand Government Assistance Schemes

Not all financial aid offered by your government will be applicable to you and your situation. Still, it's important to sift through what's available, so you don't miss out. Subscribe to updates on the various schemes available, as terms and criteria may no doubt change throughout the recession.

If you are a business owner, ask your accountant/advisor for help with research and applications.

If you are an accountant, ensure you stay on top of any changes, and understand what the changes mean for each of your clients during the different phases of the recession.

05.



**CONSTRUCTIVE
COMMUNICATION
WITH CUSTOMERS**



05. Constructive Communication with Customers

When times are tough, humanity becomes more important than ever. Reaching out to your client base shouldn't just be about sales—make it about connection. Reconnect, reassure, really listen to what your customers are saying. Relationships rekindled under duress are likely to last well beyond bad times.

Be careful with your communication too—quality, not quantity, is key. Make sure that your messaging is empathetic and not tone-deaf, but also, try not to hammer your customer base with comms. Many will be in the same anxious position you're in—how can you make their day better?

Case Study: Sharon Pocock, Kinder Pocock

Sharon Pocock and her staff at accounting firm Kinder Pocock in London spent their first week in lockdown calling each and every one of their clients. They then compiled notes from each of these calls in a spreadsheet, and colour coded their clients according to the amount of immediate attention needed. From there, they set up routine check-ins, and created action plans for business owners and themselves to work through together. Action plans held both parties accountable, generated momentum, and helped clients feel more in control.

Small businesses need our help. All of us together need to be there for them. There's no other choice, really.

"I'm on a mission to help all the small businesses," says Sharon, "because that's what we need to do at the moment. They need our help. All of us together need to be there for them. There's no other choice, really."



Sharon Pocock,
MD and Chief Innovator, Kinder Pocock



06.



**TALK TO YOUR BANK
AND STAKEHOLDERS**

06. Talk to Your Bank and Stakeholders

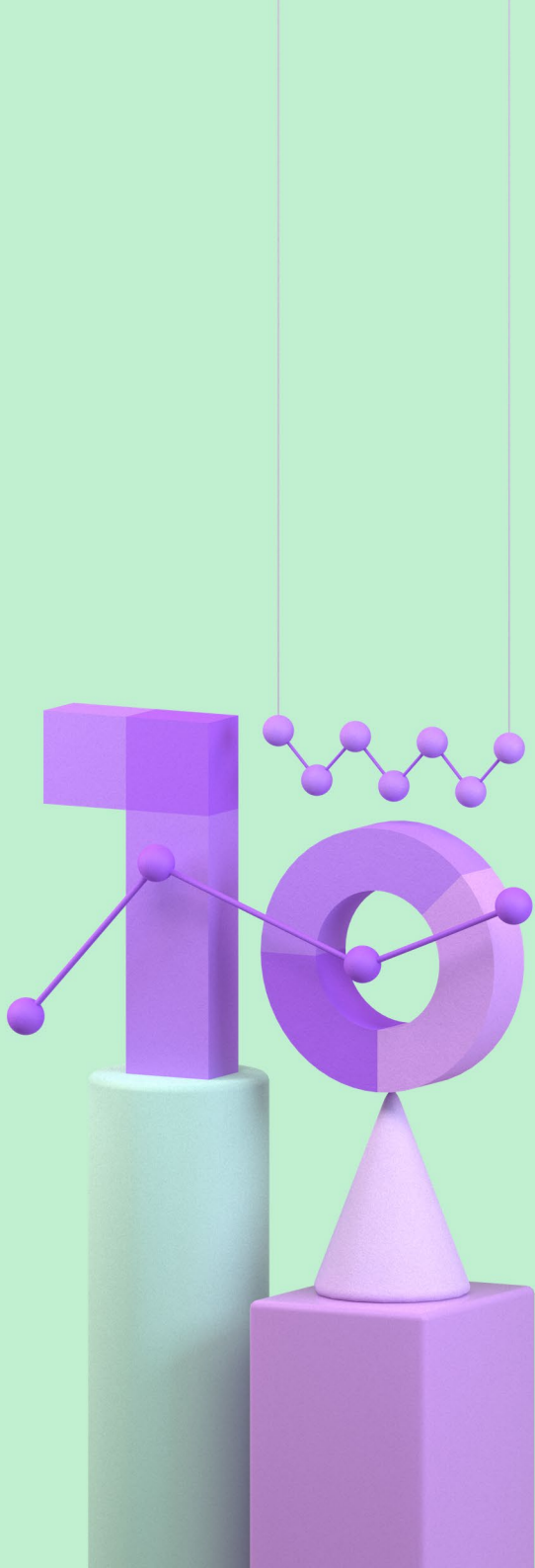
If necessary, continue to reconfigure and renegotiate with your bank and/or stakeholders over time. What debt options are they offering? Can they help you with governmental schemes? Are they willing to renegotiate existing debt, and offer you better rates? What advisory services can they provide? Are they a source of capital now, or will they be in the future? What expertise can they offer?

Keep the bank in the loop, so they can help you with things like overdraft availability and other measures. Stay on their radar.



07.

DIVE INTO YOUR NUMBERS



07. Dive Into Your Numbers

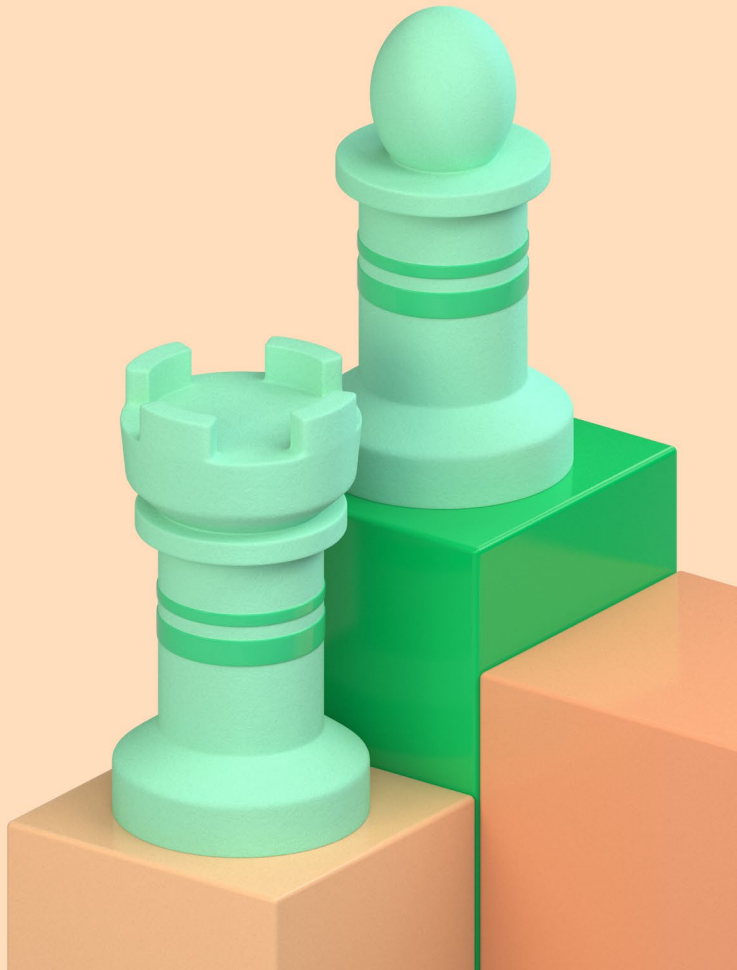
Use them as a guide going forward. As mentioned earlier, you'll need a cash flow forecast, and a budget if you haven't got one already—and if you have got one, great—keep it up! Take all the financial and non-financial data available and use it to plan for different outcomes: what good, bad, and ugly scenarios could the future contain?

Your numbers will illuminate both 'flab' and 'muscle'. If you need to trim the fat, now's a good time to do so, but don't throw out useful assets and subscriptions with all the nice-to-haves. Keep what's working, and it'll serve you well in the long run.



08.

UPDATE STRATEGY AND DIRECTION



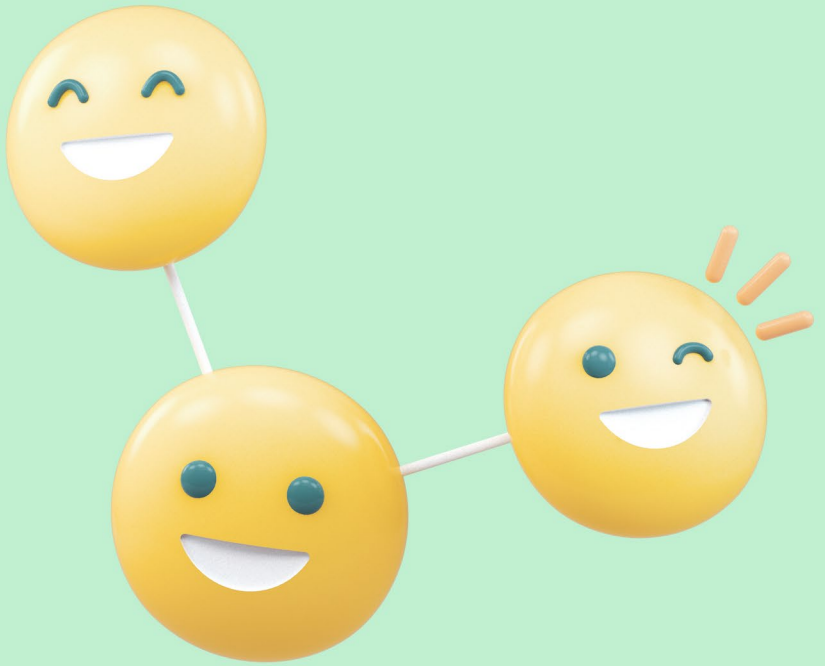
08. Update Strategy and Direction

When plotting a way forward, remember to think about how the decisions you're making will impact your business in the future. Get into the habit of creating a chart of 30/60/90 day priorities and actions, and make sure there's a balance between urgency and intent.

Put your customers at the heart of your decision making. What's the best service you offer, and are you delivering it in a way that's accessible to your base?

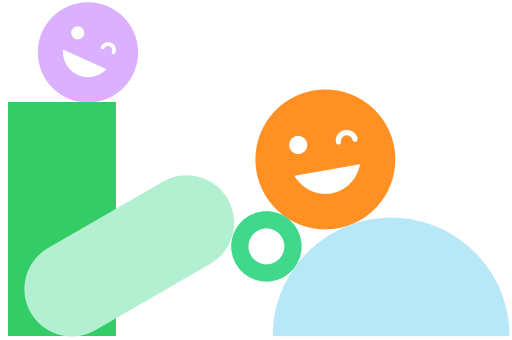
Take a moment to think about long term goals. What are the top three objectives for the next one to three years? Maybe it's all about survival right **now**, but recessions don't last forever. How will you come out on top?





09.

**DOUBLE YOUR
SUPPORT NETWORKS**



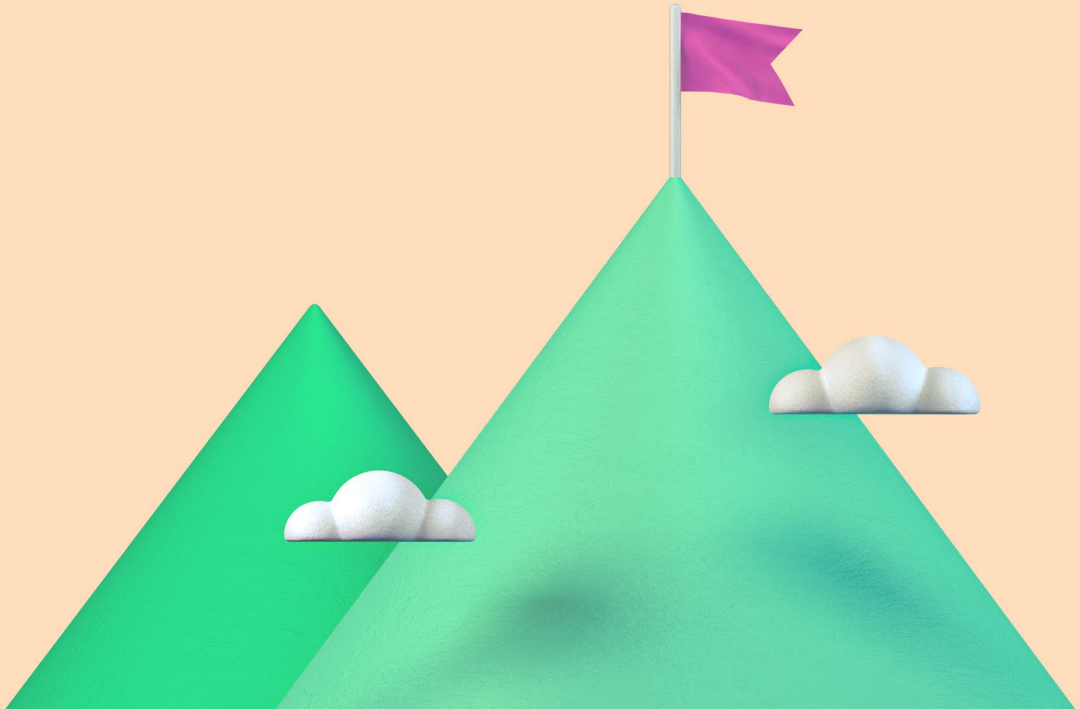
09. Double Your Support Networks

Reach out to old friends, and make new ones. In tough times, those who are prepared, proactive, and fearless often move quickly from flight/survive, to fight/thrive. These individuals seek new or renewed relationships, networks, and sources of advice that will sustain and guide them on the journey ahead.

Come out of this time with more connections than you had going in. Make sure you give as much as you take, and reap the rewards of beneficial relationships that will boost not only your business, but your profile, as well as your wellbeing. Find the people who can support you through tough times, and be that person for others. No man is an island, especially in the age of technology.

10.

MANAGE YOURSELF



10. Manage Yourself

Recessions require a long-game strategy, and taking care of your physical, mental, and emotional health is going to be essential. If you're not operating at your best, your team, your family, and your business won't be able to either. Show compassion and empathy for those around you, but don't forget to save some for yourself. Stay realistic, avoid burn-out, and take some time to recharge so you remain positive and effective.

Learn to shut out the 24-hour news cycle and zero in on what really matters. Eliminate sources of negativity from your life, whether that's people, companies, or news outlets, and focus on the good. In bad times, we often see humanity at its best, and now is no different. Look for the positive, bring it into your life, and share it with others. After all, we're all on this journey together.





Richard Francis, FCA
Founder & CEO of Spotlight Reporting

Richard Francis is the ex GM of Workpapers for Xero, and a trusted advisor with over 20 years of advisory experience. As the director of a boutique professional practice, Richard saw a need to improve analysis and forecasting for his clients. This led to the development of Spotlight Reporting, which is now the #1 Reporting and Forecasting App in the Xero Ecosystem.

To find out more about what Spotlight Reporting can do for your firm or your business, visit our website, spotlightreporting.com

