



Business planning in a recession

Old Mill Business threat based analysis

There is now no doubt that our economy is in a recession, and although the picture is mixed and the outlook uncertain, it seems likely that it is going to get worse before it gets better.

All business will be affected and most likely they will be affected in a negative way. They need to consider the options of how best to manage during difficult times. Unfortunately, many business owners will be so head down managing the business that they will not be able to take the time to consider the options for ongoing success.

At Old Mill we believe that you can only effectively review and take action over a handful of issues at any one time. The question is how to identify and prioritise which are the most important areas to focus on for your business. To help this process of identification we have developed the Old Mill Business Threat Analysis.

The principle is to identify the key threats to your business. These have been split into five 'threat headings. For each of these five headings more specific

threats have been identified. To best use the grid, there are three stages:

Stage one: Look at the Old Mill key threat matrix. With your business in mind decide which heading is likely to be the area of Key Threat. Select up to two columns

Stage two: Identify three specific threats from those columns. These will be the issues which will benefit your business the most by being focused on first. There may well be other areas that need attention, but this will help you prioritise.

Stage three: Once your Key Threats have been identified you should consider an appropriate course of action. Some answers may immediately become apparent. However it is more likely that this could then be the basis of a constructive conversation with your business advisers to identify possible solutions.

To give more detailed, constructive help and advice with your business planning at this time we have developed a team of Old Mill Recession Planners. We can come into your business specifically to explore the threats that you may be facing. We will then compile a solution orientated report and action plan for the key areas that have been identified.

Business threat analysis **Matrix**

Cash management	Sales	Purchasing and supply	People	Margins
Do you know what your cash position is at any given time?	How strong are your key customer relationships? How easy is it for customers in your market to switch from one supplier to another?	Are any or your suppliers likely to go under?	Do you have the right level and mix of staffing? Are there critical gaps in your team?	Have you set a realistic budget, and do you monitor it regularly?
Have you identified future capital needs? Can any of these be deferred?	Are you over reliant on particular clients? What is your position in relation to your clients (larger, smaller)? Who drives the market?	Have you identified alternate sources of supply? How easy is it to switch suppliers?	Can you afford to reduce staffing levels and would there be any knock on effect?	Are you getting regular and timely management information? How do you know it is accurate?
Do you expect there to be any shortfalls in cash in the coming months and how are you planning to address them?	Is your level of customer service high enough? – is it likely to fall?	What is likely to happen to the cost of your supplies?	Is there any danger of losing key staff members?	Have you re-forecast for the current year to allow for new circumstances
Do you have an adequate banking facility/line of credit?	Have you identified potential new/ replacement clients?	Are there cost savings that could be made?	How can you get your staff fighting for your business?	Will the costs of producing / supplying your products increase?
Do you have enough cash to meet your short term debts? Will you be able to fund future liabilities?	Is there going to be a change in demand for your products?	Are the transport and distributions services you use safe?	If you need to recruit what strengths will you look for?	Will the price achieved for your product fall?
Do you actively manage your tax position to ensure that you are being as tax efficient as possible?	Will your products remain profitable (Product life cycle)?	What is your relationship with your suppliers? Are they larger or smaller than you? Can you stretch your credit terms or will they push you for earlier payment?	Does all staff remuneration need to be in cash or can there be alternative incentives? Could pay be more performance based?	If gross margins are being squeezed can costs be saved elsewhere?
Are you making best use of your assets including cash and property?	What strategies will your competitors take?	Can you purchase items on line? Do you make use of this?	Do you plan your staffing alongside your budget?	How do you monitor your performance? What targets do you set and what do you do if these targets are not met?
Who controls your cash – you or someone in your organisation? Does this give you adequate control?	How will competitor strategies impact on your sales?	Have you looked at the costs and value being provided by your advisors?	Do you adequately monitor performance of staff to ensure that all are achieving what is expected of them?	How much of your cost is fixed compared to variable? What is the minimum margin you need to make to meet all of your obligations? Is this achievable?
How much debt do you actually have?	Do you have problems with debtors / slow payers? Are these likely to get worse?		What is your position as an employer in the local market? Could your reputation be damaged by job losses?	Is your administration cost high compared to other costs?
	How easy is it for you to switch your products and services from one market to another? Can you do this at minimal cost to yourself?			Can you transfer increases in costs to your customers?
	How competitive is your market place? Is your market share under threat? Can you take market share from others?			



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