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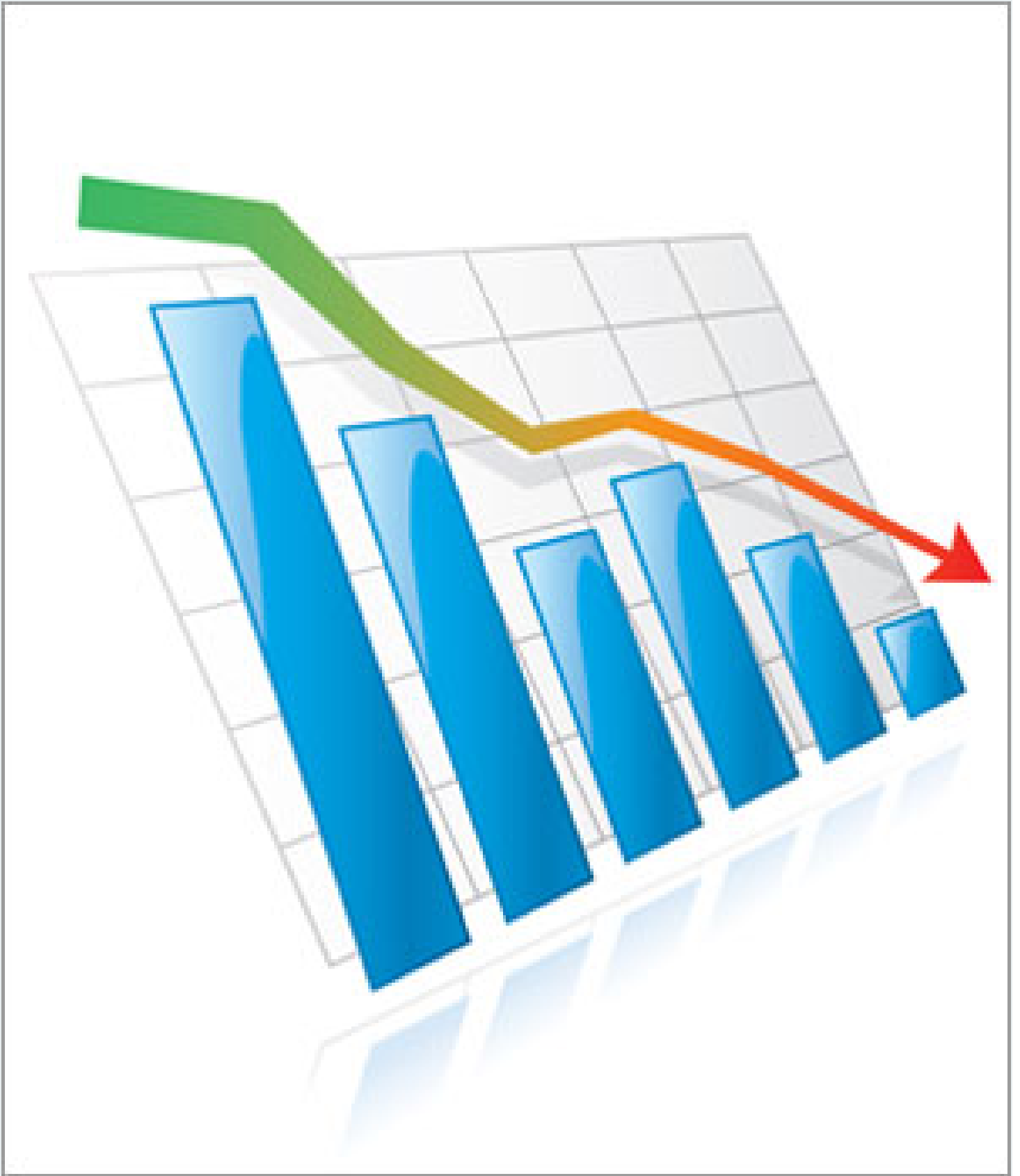
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SALES TAX & COMPLIANCE

4 Tips for Small Businesses to Survive an Economic Downturn

As we all know, however, the economy is cyclical. And while it's important to capitalize when times are good, smart business owners also make sure they're prepared in case things start moving in a different direction.

Mike Plaster • Aug. 21, 2018



Unstoppable. Booming. Roaring.

Each of those words has been used in news stories to describe the U.S. economy over the past couple of months — it's one reason the [Small Business Optimism Index](#), calculated each month by the National Federation of Independent Business, remains near record highs.

As we all know, however, the economy is cyclical. And while it's important to capitalize when times are good, smart business owners also make sure they're prepared in case things start moving in a different direction.

Would you be ready if conditions took a turn for the worse? If you can't answer that question, it's time to start thinking about ways to help your business survive — and maybe even thrive — when the economy isn't as robust as it is now.

Not sure where to start? These tips from business experts can give you some ideas.

1. Keep seeking out new business.

It's easy to get complacent about prospecting when things are flush, especially if you have plenty of customers. (And if you're doing really well, you might feel like you have too much work already.) But it's also quite possible that a few months from now, you could be thinking, "I sure wish we were as busy now as we were back then." If you don't make a consistent effort to attract new business, you won't have new customers to replace the ones who leave — and that's something to keep in mind no matter what the economy is doing.

2. Don't skimp on your marketing.

This goes hand in hand with the importance of prospecting. Cutting your marketing might seem like an easy way to save some money in the short term, but think about the long-term effects that will have. Remember, if you're doing it right, your marketing should have a positive return; it should bring in more money than it costs you. If it doesn't, the solution isn't to stop marketing — instead, try reevaluating your approach to determine how you can get more bang for your buck.

3. Strengthen relationships with your current customers.

It's almost always far easier to keep a customer than it is to acquire a new one. It's almost always far more cost-effective, too. That's a powerful combination, and incredibly important in any economy, but customer retention is even more crucial when things get tight. Make sure your customers feel valued, and explore ways to expand that relationship. You could introduce new products or services tailored to them, or offer special deals for staying with you. Creating and solidifying their loyalty will pay dividends now and in the future.

4. Be prepared at all times.

We're not trying to be alarmist, and you don't have to take drastic measures. But is your business as lean as it could be? Is everything in order, from budgeting to your small business taxes? Again, when the economy is booming, it's easy for fiscal discipline to slide; after all, if the money is rolling in, is it really that big a deal to spend a little too much on your software, your phone system, or other expenses? What might not be a big deal right now can turn into a very big deal later — and if you wait to get things in line, it could be too late. Spend, but spend wisely.

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