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SMALL BUSINESS

5 Strategies to Help Small Businesses Survive a Recession

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Recession is a scary word for every business. But, it's particularly worrisome for small businesses who may not have the same financial cushioning as large

companies.

Some say a recession is coming, while others say that it's already here. In either case, you must develop a strategy to recession-proof your business, and you should do this now. As the economy takes a deeper dive, it will be much harder for you to timely respond and keep your business afloat.

Don't panic. There *are* things that you can do to weather the turmoil of a recession. So let's take a look at what your small business clients can do to respond appropriately in times of economic hardship.

1. Focus on core competencies

Your clients' businesses have something they are really good at. It's most likely their core product or service. And, that's what will carry them business through a recession.

There *are* times to pour efforts into a new path with an unknown return on investment. Sometimes the biggest risks lead to the biggest rewards. But, a recession isn't one of those times.

Instead, businesses need to scale back to the products and services they know will perform the best. And they shouldn't spend their budget trying to support weaker products or services. The focus should be on promoting the best products or services to past and current customers, and to prospects.

And, if possible, they need to find ways to generate multiple streams of revenue promoting the core product or service. Multiple revenue streams will give more financial flexibility when times get tight.

Businesses can also increase revenue streams by introducing VIP and economy versions of a service they already offer. They may consider a subscription option with added benefits for automatic renewal. Or, even better – assess if there's a new way they can apply their core competencies to help in the changing economic climate.

2. Don't stop marketing

During a recession, more than ever, it's important businesses do whatever they can to stay top-of-mind for customers. Recessions tend to be stressful times for everyone. And, with so much stress to distract, it's easy for a business to get forgotten or lost in the shuffle.

For many businesses, this means bringing their business online in a meaningful way. As we emphasized in our comprehensive guide on [how to start a business](#), their website is one of the most important ambassadors and a crucial component of a marketing and branding strategy.

So, businesses should still budget funds for marketing (and the cost to create a strong presence online) and do their best to stay in front of customers. Here are a few ideas to get started...

- Send regular, content-rich emails to current customers on their mailing list.
- Follow up with [prospects who've ghosted](#).
- Check-in on past customers that haven't been heard from in a while and make them a compelling offer to [win back lost customers](#).
- Place online retargeting ads to draw prospects back in.
- Post *consistently* on social media and consider holding SM contests, sales, or events.

However you choose to reach out to your audience, be sensitive to the times. Make sure to show the real benefit you offer their lives in this current context. Keep your messaging relevant and keep your company's [brand identity](#) front and center. After all, you don't want your customers and prospects to forget about you.

And, don't push a hard sell. Read the room – money's tight for everyone during a recession.

How can I stretch my marketing budget? When times are tight, it's important to get the most value possible out of every single dollar. Here's how to get the most from your marketing budget...

3. Protect cash flow

Recessions lead to slimmer profit margins; which can make maintaining a healthy cash flow tricky. So, let's get uncomfortably real for a minute. If the cash flow dries up, that's likely the end of your business. So, to survive a recession, it's essential to plan ahead for ways to cushion your cash flow.

Here are a few options:

Cut back on any unnecessary spending. Audit your current spending. Are there any services, memberships, or resources that your business can function without for a while? If so, then live without. Funnel that money back into necessary spending for

your business. (Remember – marketing is necessary!) And, look for cheaper prices for the items that remain on your “necessary” list.

Renegotiate vendor agreements with more favorable terms if possible. Remember that your vendors may be struggling to get by, too. They’d probably be happy to renegotiate the terms of your contract rather than lose out on your business entirely. See if they’re willing to give you a more competitive price Or more flexible payment terms while the economy’s rough. You may also be able to negotiate a discount for cash or early payments. You’ll never know unless you ask.

Arrange for financial assistance. Look into a small business line of credit. Apply to small business grants and small business loans to help keep you afloat. Timely financial assistance from small business loans like [Kabbage](#) could mean the difference between survival and going under. So, check out [this list of the best small business loans](#) and [visit the Small Business Administration](#) to learn about their funding programs.

And, make sure you understand your cash flow situation. If you don’t have a firm grasp on the numbers, you won’t know how best to protect yourself.

4. Invest in your existing customers

It costs more to acquire new customers than to maintain existing ones. This is true even at the best of times. But, during a recession, people clamp down on their spending – making it *even harder* to persuade a new customer to give you a try. So, investing in the customers you already have becomes even more important.

Now is the time to build real relationships with your customers. Show them that you have their back. Treat them with respect and value their patronage with your actions. The relationships you build with your customers as you navigate difficult times together can build lifelong customer loyalty. So, think of ways that you can make a meaningful, positive difference for your customers.

Need a great way to start? Talk with your support team to learn what issues they hear about most. Let your customers know that you’re prioritize fixing those issues. Then do it. And, don’t forget about past customers. As we previously [pointed out](#):

This might seem obvious, but past customers were once *active* customers. During a recession is the perfect time to re-engage with past clients.

Want to re-engage with past customers? There are plenty of ways to reconnect with past customers and persuade them to buy from you again. Learn 8 effective ways your small business can wow and win back lost customers...

5. Delegate and automate

In times of crisis, business leaders must steer the ship.

They have to be prepared to put out fires, make tough decisions, and plan strategically for the future based on the changing landscape of today.

It's impossible to complete those necessary high-level tasks if your schedule is filled with productivity-stealing mid-level tasks. If you're preparing for a recession or in a recession now, it's time to [start delegating](#).

Assess what tasks can be handed off to other employees. And, determine if there are cost-effective automated solutions that can complete repetitive tasks more efficiently than you or your staff.

Prioritize delegating the tasks that take the most time with the least financial return. But, try to clear your plate of *any* task that is not within your wheelhouse or that yields little financial gain.

As a leader, your time is one of your business's most valuable resources. Make sure you reserve it for the tasks that will deliver the biggest positive impact on your small business.

Don't give up

Running a small business during a recession is challenging. But, a recession doesn't have to spell the end.

Your small business will need to be agile and flexible to adapt to its new reality. If you plan, execute well, and keep your focus, you can recession-proof your business and come out stronger on the other side.

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