How To Prepare Your Business for Recession:

Protect Your Liquid from the Fall –

What we want to make sure of is that our liquid, our dry powder, is protected. This means you do not want to keep it in the equities market, you don't want to just sit on it or inflation will eat away at it, and you don't want to keep it in something hard to access like foreign markets or real estate. There are only two assets that allow for the protection of liquid, only one of which is available to most of us, and that is a special kind of insurance. Many billionaires and some millionaires utilize this tool but it is by far the most powerful tool we have found to protect liquid cash. Shyft Capital www.Shyft-Capital.com is the leading firm for helping families, businesses, and non-profits secure their resources.

When a market crashes we need to keep from going backwards. Just because an economy, or economic sector falls, doesn't mean your already-earned capital has to suffer. That is just a common consequence that usually happens, as most people don't understand how to protect liquid assets. The reason most don't understand how to product liquid assets is because most of the economic industry is based on either speculation, equity holdings, or debt purchasing.

Start Supply Chain Preparations –

When the 2008 recession hit we saw many strong companies collapse because other businesses they counted on up and down their supply chain were not adequately prepared. This caused the strong company to collapse as well.

Now is the time to really get a pulse on your supply chain and this includes the customers of your customers as well as the suppliers of your suppliers.

Are end-use buyers going to be impacted by the coming recession, and if so, how can you assist them from getting hit as hard? Does your supplier have a solid cash position to weather a year or two of less income without compromising on costs or even survival? If not, assist them in their strategy on weathering the storm.

Study Your Competition –

Too many times businesses do not study their competition and when I say study, I mean study. Did they just apply for a building permit? If yes, then you know they cannot likely drop their prices for a time. Are they wholly owned by an aging baby boomer who doesn't have a retirement plan? Then a merger could allow you to accumulate market share before your other competitors even have an opportunity.

There are so many benefits to truly studying your competition, but when a recession is on the horizon it changes from just a benefit to a necessity. At this time you should already be researching which of your direct competitors are the most vulnerable in the case of a recession. Is it possible to increase your supply orders to lock in prices knowing that the competitor cannot increase orders now due to cash flow limits thus meaning in the coming recession they will be unlikely to offer products/services at the same stable price you can due to your pre-purchase activity.

Diversification –

We here at Purple Monkey Garage are huge supporters of making sure all of a company's income does not solely come from the product or service that business alone produces. Depending on what the next economic down-turn looks like, what industries will actually get stronger? What moves can you make to gain a foothold in that industry? How many positions can you accumulate prior to the down-turn, which will allow you to compensate for a 20-30% decline in your primary business' revenue?

De-Leverage –

In an up economy businesses love to use leverage to enhance growth, which can be very beneficial. However, when the economy takes a down-turn, even if a company can service the debt, debt-issuing institutions can call the entire note due, placing even a solid company in a troubling position.

If possible, eliminating, re-structuring, or hedging your debt exposure going into a recession can greatly improve your ability to come through a recession.

Offer More to Get More –

As the saying goes, a negotiation can be considered to be successful when neither party is completely satisfied. As humorous, and possibly true as that expression may be, we know that in a recession, and even a climate where investors and deal makers believe a recession is coming, the purse strings tighten up.

Knowing this and knowing that you want to secure as many solid deals as you can prior to the down-turn, don't be afraid to give more in your deal negotiations. This allows you to have more leverage on the other side of the economic dip because you have either more market share, capital, or whatever it is you acquired in the deal.

I would rather close ten deals where I'm giving 10% more in the negotiation than usual, but still get the deal done before the collapse, than close just a few, or maybe no deals prior to the economic crash. The reason is because at the end of the recession, I will realize I didn't really give 10% more than usual, I actually accumulated more than my competition. Now I'm in a stronger position to dominate when the selfish would be in a much weaker position at that future date.

Get Excited, Not Scared –

The public equities market news coverage and the debt-based industries panic when there is an economic downturn, and rightfully so. Their industries are based on either debt or over-valued assets that get knocked back to true-value in a down economy.

If you are not making your money, or placing your capital in those two industries, then a down economy can be a great time to increase market share, increase wealth drastically, and create new market segments all that wouldn't be possible in a 'good' economy.

I like to say that a good economy is where bad businesses make money, and a bad economy is where good businesses make money. Don't let the collective fear bring you to fear. Take a step back and realize if you are doing these other action steps, you are in a position to take advantage of some of the biggest growth you will ever experience.

Grow Fast Now to Build Speed for the Jump –

An economic down-turn creates a gap. A gap between the economic conditions of today and the economic recovery at some point in the future. Just like a stunt driver who needs to jump a gap, whether that is over a person, a bus, or the Grand Canyon, the determining factor on whether or not the stunt driver makes it to the other side is the amount of speed they carry into the jump.

The same is true in business. Your business should be moving faster than ever. Responding to clients, making deals, strategically advancing, and doing all the great business tasks that need to be done but doing them at a faster pace than normal. If you can increase the size of your business 20% in the next twenty-four months and then a recession hits and the market collapses 20% then your business didn't effectively shrink at all? You carried enough speed into the jump to carry your business to the other side without suffering damage.

However, if you are just moving at the same speed you have been in the past and the market takes a 20% drop, then you lose almost a quarter of your business, and your wealth.

Bring In Outside Help if Needed –

If your company had the budget to hire the all-star team that is needed, you would already have them. The reality is that most companies need help and it is either budget or pride that keeps them from asking for it. If you are going to accomplish what you need to accomplish, you need to add those extra sets of expert hands.

Now, this does not mean go out and get a business 'coach' or waste six figures on a 'consulting' company that will just data dump on you without actually doing the work. There are now companies that act as 'boards in a box' or 'contracted business service providers' and what they do is exactly that: they serve as the team of experts to get your business to where you know it should go, if you just had the connections and extra hands to get it done.

By far the best firm for this is www.PurpleMonkeyGarage.com as they literally defined this type of b2b service. The reality is that most businesses need real help, and until now there was no place to get that help. That is no longer the case nor the excuse.

Take Money Off the Table –

Over the past twenty years dealing with thousands of businesses, it has become evident that at least nine out of ten businesses are leaving somewhere between $500k and $3 million in tangible assets unsecured, or 'on the table'. This is due to the fact that they fail to secure the already existing asset, and when a company fails to legally secure it, it goes unrealized. As soon as the asset (which every business has access to) is legally secured it actually gets listed on your balance sheet. This means that you can add $500k to $3 million to the value of your business now and no matter what happens to the market you have an actual tangible asset of that value.

Again, www.Shyft-Capital.com is a firm that helps companies, families and non-profits make sure they legally lay claim to every asset available.