

# GUIDE TO CONQUERING A BUSINESS CRISIS



- Cash Management
- Pricing and Cost Containment
- Supply Chain Management
- Marketing





www.VirginiaSBDC.org

The Virginia SBDC Network is a partnership program with the U.S. Small Business Administration, George Mason University, and local host institutions.

# CASH MANAGEMENT

Prioritize who to pay first.	
Have conversations with vendors to ask for longer payment terms or partial payment.	Sell unproductive assets now. Don't wait until a crisis.
Have financial records in one, easily accessible place and review them daily.	Consider business credit cards, but understand the risk.
Review financial information and forecast cash needed to operate the business. Know your financial data well. Don't rely on your CPA to tell you how the business is going.	While no one enjoys laying people off, have a plan to reduce labor if needed. Check with the Virginia Department of Labor about unemployment programs available to business owners in distressing economic
Address problem areas where costs are out of line.	times.
Regularly review customer accounts and have solid credit policies in place.	
Place slow pay customers on COD or prepayment.	
Require cash payment at time of sale.	
Talk to lenders about renegotiating existing loan terms and interest-only payments for a while.	
Keep payment promises (Don't make promises you can't keep).	
Work with federal and state government agencies about payment of past due and coming due taxes.	Reduce embezzlement opportunities by limiting check signing to the owner or requiring two check signers. Examine payroll records for accuracy and reconcile
Don't ignore collection letters from federal and state government agencies. They can freeze your bank accounts, cutting off access to cash.	bank statements and credit card registers daily.
Have a line of credit in place, review it annually and adjust as needed.	

## PRICING & COST CONTAINMENT

Reduce unnecessary expenses like travel, entertainment and other areas that do not contribute to revenue generation.	Discuss rent reduction with your landlord.
	Consider renting unused space to other business owners.
Review personnel requirements. Are vacant positions are really needed? Can duties of vacant positions be divided among other employees or performed by part-time workers or temporary workers? A lean workforce before a crisis, will help you survive.	Negotiate discounts with vendors, when possible. Remember, trying times impact them too. They may be willing to offer short-term discounts they otherwise wouldn't.
Eliminate discounts and giveaways.  Review pricing and value. Don't cut prices in panic mode.	

Contact your local Virginia SBDC office for assistance with any of the items in this guide. With 27 offices across Virginia, there is an office near you. A complete list of offices is available at the end of this document.

## SUPPLY CHAIN MANAGEMENT

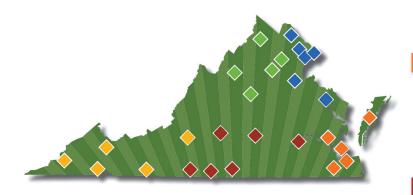
Review inventory levels regularly. Conduct inventory at least monthly.	Consider adding items with faster turn times.
If your POS system has an inventory management feature, enter products as they come in. Your POS system will provide daily inventory information.	Look for vendors that provide a just-in-time option for ordering products.
	Stay engaged with your suppliers. Don't wait until a crisis.
Eliminate slow sellers when reordering and liquidate products that have been in inventory beyond 90 days.	Assess operations and capacity. Adjust as needed.

### MARKETING

online presence.

Identify key target customers and consider a "niche focus."	- Use multi-channels to reach your audience: social media, email, website, text, etc.
Reassess your marketing strategy.	- Develop/update online profiles
Consider redistribution of marketing expenditures.	- Update your website
	Use Technology to expand services:
Communicate regularly with customers to keep relationships:	- Facebook Live, video, e-commerce sites, payment and services apps, video conferencing.
- Customer support, business hours,	chat box, networking, etc.
services, special order needs, promotions	Watch for new trends and look for opportunities
Strengthen digital communications and	to provide solutions.

## Contact the Virginia SBDC



#### **POTOMAC**

Alexandria SBDC - 703.778.1292 Loudoun SBDC - 703.430.7222 Mason SBDC (Arlington, Fairfax and Prince William) - 703.277.7747 SBDC at Community Business Partnership - 703.768.1440 University of Mary Washington SBDC-Fredericksburg - 540.654.1383 University of Mary Washington SBDC-Warsaw - 804.333.0286

#### CENTRAL

Central Virginia SBDC (Charlottesville area) - 434.295.8198 Lord Fairfax SBDC at Middletown - 540.868.7093 Lord Fairfax SBDC at Culpeper - 540.727.0638 Lord Fairfax SBDC at Fauquier in Warrenton - 540.868.7094 Shenandoah Valley SBDC - 540.568.3227

#### **HAMPTON ROADS**

Hampton Roads SBDC - Eastern Shore - 757.789.3418 Hampton Roads SBDC - Hampton - 757.825.4078 Hampton Roads SBDC - Norfolk - 757.664.2592 Hampton Roads SBDC - Suffolk - 757.825.4078 Hampton Roads SBDC - Williamsburg - 757.565.4373

#### SOUTHERN

Crater SBDC of Longwood University
(Eastern) - 804.518.2003
Longwood SBDC - Farmville (Central) - 434.395.2086
Longwood SBDC - Danville (Western) - 434.797.8482
Longwood SBDC - Martinsville (Western) - 276.656.5475
Longwood SBDC - South Boston (Western) - 434.572.5444
SBDC - Lynchburg Region - 434.845.5966

#### SOUTHWEST

Blue Ridge Crossroads SBDC - 276.601.7727 Mountain Empire SBDC - 276.523.6529 Roanoke Region SBDC - 540-632-1174 Southwest Virginia SBDC - 276.964.7345 Virginia Highlands SBDC - 276.739.2474