

Surviving the downturn

A checklist for small businesses

The British Bankers' Association has compiled this list to help you as a business entrepreneur to weather the coming downturn. All 10 points are equally important: all of them can make a significant contribution to the continued health of your business.

1. Plan your cashflow requirements carefully and allow for any differences in the payment terms you receive from your suppliers and those you give to your customers.
2. When you prepare your cash flow forecast, undertake a 'what-if' analysis. What happens if sales are ten per cent less than forecast? What happens if raw materials increase in price by 20 per cent? You can then forecast the worst-case finance requirement - which mitigates the need to go back to your bank for more cash.
3. Review your actual cash flow regularly - at least every month. Check that it is in line with your forecast and act quickly if it is not.
4. Think carefully about who you do business with: don't become too dependent on one customer. Work hard to retain your good customers.
5. Invoice your customers promptly and accurately - and follow up to check they have paid. Offer an incentive to pay early.
6. If you think you might have a cashflow problem, talk to your bank immediately. They might be able to help and the earlier you speak to them, the more options there will be.
7. Be open and realistic with all the facts. That way, you will have solid base for the banking relationship you will need in the future. Most of all, understand your business plan and then monitor progress through it so you can exploit success and limit problems.
8. Review all of your costs and look for ways to be more efficient. Cut down unnecessary expenditure as much as you can.
9. Make use of the many sources of independent advice available to small businesses (such as accountants, solicitors or business advisers).
10. Read the BBA's *Business Banking Code* and *Statement of Principles for SMEs*.