

Renegotiate Credit. You were supposed to do this in the prior section while creating your teams. If you haven't or you have and were turned down, go to the loan officer and see if there's anything you can do to get a lower payment, even for a short period.

Go through your recovery plan with your team. Make assignments. If assignments were made, have those people "Return and Report". Follow the "Do, Return & Report" assignment model. If people know they are going to have to report in front of their peers, they will be more likely to fulfill their assignment.

If you have inventory, tighten it even more than you did in the last section. Put low margin (small contributors) on sale and keep lowering the price until they sell even if you take a loss. In the short term, to save your business, cash is more important than profit. You will learn the real price the public is willing to pay, you will have some more cash and may find out why you have been losing money on those items.

As much as possible, change from salaries to commission based payroll. Adjust the commission rate so that the historical sales will allow the employee to almost earn what they were earning before. Not all employees will go for this. Gee, that's too bad. You need to be concerned at this point with cash and if someone doesn't want to work, they should move to another company today.

Get better terms on account from vendors. If possible, have your vendors finance your inventory. If things have gotten so bad that your vendors have put you on a cash basis then let them know what your plan is and ask for terms again. The worst that can happen is they will say "No".

Get out of your office. Get on the floor. Talk to clients. Talk to employees. Talk to yourself, well maybe not. That doesn't inspire confidence. The point is, learn what needs done that you are not doing and learn what you're doing that's costing money and stop it.

Apply the Unofficial Marine Corps mantra, "Adapt, Improvise, Overcome". Don't wait for things to change and get better. Chances are nothing is going back to the way it was. The problem is that usually there is only ONE change. Seldom does anything in business or the economy change and then change back.

Make some cuts in customers. I know, you've been cutting costs for three sections of this class well, cut some more but, customers? I know you are saying, "I need every customer I can get my hands on". Well the fact is, you don't and there are some you are better off without. If you have 5 customers per day, I bet that one of them takes up 80% of your time and pays for less than 20% of the day's sales. Sound familiar? There's also that customer that only takes up a few minutes and spends the most. You have to love that one, so show it! Write them a note or call to check up on their purchase. However, when Mr. 80% Needy comes in, give him no discounts, no specials, if he asks for a quote, tack on 20%. If he goes away, you are time and money ahead. If he keeps coming back, you will finally make enough money off him to be worthwhile.

Factor Receivables. This is a process where someone (usually a cousin to a “Loan Shark” so be careful) loans you money on an invoice sale that went on Accounts Receivable. Usually, the process goes like this. You take the invoice to the factoring company, they look at who owe’s you the money and make you an offer. If it’s an invoice to Questar, for example, you will get a lower rate than an invoice to Bob’s Fly-by-Night Parrot Cleaning Service. It’s all about risk to the loaner. They loan you about 80% of the invoice. When the invoice is paid, you take the money to the factoring company, pay off the loan with interest. If the interest is less than the 20% they kept, they give you a little more money back. If it’s more, you may have to add a little money to it. It all depends on interest and how long it took to pay off.

Have regular staff meetings so employees can relate what they did to cut costs and lead them into understanding that it doesn’t matter if it’s only pennies. The thrill for them should be in the chase and the recognition they receive not in the big dollars they save (which will come as a side benefit). For example, if an employee finds that they can reverse the adding machine tape that isn’t used for anything else other than to make the machine run because it requires paper, GREAT!! A roll of paper is only a few cents but enough of those kinds of savings and you will be able to pay your utility bill one more time.

Be an example yourself. Cut your personal expenses. Make do with your old pick-up truck. Get a used chair from the thrift store before you buy yourself a new leather executive chair. Mix a little ammonia and water for window cleaner rather than buying name brand, then clean the windows yourself. Your employees won’t be motivated to sacrifice and save if you are flying to Vegas for a “meeting”.