

Navigating Today's Economic and Financial Challenges Creatively

We half kiddingly say that ALT stands for “**a**lways **l**earning and **t**raining”. In these economic times, we learn an incredible amount from our clients everyday. Entrepreneurs are great at solving problems and seeing opportunities where others see only doom and gloom.

There is plenty of advice on navigating the current trends from the next hot stocks to the greening of your business strategy. We'll keep it simpler in this article. We'll share with you what we have learned from our clients throughout the past six tumultuous months.

1. Don't Wait on Growth

Grow your sales! However, if growing your sales does not seem like an option right now, reduce your expenses to match your sales level so that you can hang on until things in your industry pick back up.

2. Stronger Together

As sales drop, it is difficult to use your people and assets efficiently. One strategy is partnering with other players in your industry, may be even competitors. One of our clients is looking at significant growth opportunities but simply cannot secure the working capital she needs. She is structuring a deal with one of her competitors to produce her product while she continues to sell her own and his products. They decided to own a piece of each other's companies in order to “keep each other honest”. Sound absurd? In early 2008, this would have been unfathomable. With both businesses struggling, this may be a match made in heaven.

3. Your Vendors are Hungry Too

Chances are your vendors are struggling just as much as you are. They need sales on their books to stay in business. Now is the time to negotiate with them. Ask for better pricing. Ask for better terms. Just remember, your customers might want to do the same thing with you. In all things, be fair.

Larger vendors strategic to your business may also make interesting investment partners as they want your business to succeed in order for you to continue to purchase their products. While this strategy has been pursued

by large corporations for a number of years, it is now becoming more prevalent with small business circles.

4. Find Capital Closer to Home

Smaller investors (including family and friends) – often called angel investors - are also looking closer to home for a decent return. Even though you may sit across from them at Thanksgiving Dinner or run into them at the store, you want to build the same credibility with an investor you have known all your life as you would with a banker or venture capital firm. Be ready to present a financial model that can demonstrate how much capital you need and when you expect to repay the investor and at what level of return. Don't assume that family members don't want a return when they see you doing well in a few years.

5. Venture Capital

May be *now* is the time to start a new business or launch a new product. Venture Capitalists are getting hungry too. Just a year ago most VCs would not even look at a deal that provided less than a 30% return. Today the larger investors are happy to look at projects offering a 15% return. But remember that venture capitalists still prefer the next hot idea – mostly in the high tech, bio tech and more recently green tech areas.

6. Never, Never Give Up!

These are very challenging times for small businesses. Yet, it is those very businesses that are the backbone of our recovery. Creativity and persistence seem to be the two virtues of our day.

Contact alt.Consulting to share your innovative "navigation strategies" or just to brainstorm possible solutions for your business. As referenced in the last altJournal, our OnTrack® Business Assessment will provide a set of customized strategies to help you sustain your business until the economy begins to pick up again.

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