



## What shape will this crunch leave you in?

With just about everyone now agreed that we have moved from just a credit crunch to a recession, it remains to be seen whether it's V shaped rather than a U, or the dreaded L, writes Steve Foster, Principal, Shipleys LLP.

The Chief Economist of one of the High Street banks commented before Christmas that "the major barrier to a short and shallow downturn is the instability in the banking system and the 'credit crunch'. It is becoming increasingly

obvious that availability of credit rather than the price is a major problem, particularly for small-medium sized businesses."

What affected owner-managers should actually do in this environment was the recent subject of a lively breakfast meeting of local business people.

The well-attended event was hosted by Shipleys LLP, Chartered Accountants and Business Advisers at their office in Godalming.

With some time spent formulating and implementing a proper plan, to maintain or even increase profitability and reduce reliance on external funding, businesses can take more control of their own future and may emerge from recession in better shape.

With these goals in mind, the group considered practical measures falling into four key areas of management, cash, customers and costs.

Quite apart from the more

obvious actions such as reviewing debtors' lists, and assigning clear responsibility and authority for chasing up overdue invoices, a number of other powerful ideas were also discussed.

These included involving the staff in a discussion of likely trading conditions and getting their input on reducing costs and protecting or growing revenue. One idea for example was "bottom up" budgeting, where everyone in the business gives input on areas over which they have influence or control - with the aim of achieving a 10

per cent cost saving overall. A full checklist can be downloaded from [www.shipleys.com/godbc.html](http://www.shipleys.com/godbc.html).

Facilitator Chris Ragg of the Centre for Organisation Analysis drew on the vast knowledge of the group and ensured that experiences were shared and everyone left with renewed enthusiasm and a head full of new ideas.

**If you would like more details of Shipleys regular Breakfast club please contact Jane Whalley on 01483 423607 or email: [Whalleyj@shipleys.com](mailto:Whalleyj@shipleys.com)**

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