

AdvanceMe's Small Business Tip: January 30, 2009

Staying Proactive in an Unstable Economy

Media sources everywhere are discussing how shifts in the economy are affecting small businesses. Here are some simple tips to stay proactive in an unstable economy.



- **Invest in advertising.** Though it may seem strange, many small business strategists agree that a soft economy makes a good time to advertise. Niche-specific competition tends to be a little less aggressive and consumers may be seeking new answers for their needs. This can make a branding campaign a smart way to focus your efforts and advertising dollars during an economic downturn.
- **Explore product development.** Products and services need refinement and periodic updates. A sluggish economy may allow the time needed to examine all the steps of your business cycle so you can find ways to optimize. Look at every aspect of production and distribution to increase efficiency. When your existing methods are fully optimized, you may consider developing new products or services to broaden your depth and increase your reach. Changing times mean that new innovations may be a smart way to remain competitive and growing.
- **Partner, merge and acquire.** How is the competitive landscape surviving in your niche? In some instances, you might look to competitors to see where you could pool resources or merge efforts. Maybe there is a smaller competitor you could acquire. While it might seem that a "land grab" during slower times is a little overzealous, in reality, a slowed economy can make a great time to buy low for long-term investments. By merging or acquiring new businesses, you can prepare and ramp-up for the economy's inevitable rebound.

Remember that when the economy shifts, people don't stop buying completely. Their buying habits change. Using surveys and statistical data, you'll want to focus some dedicated research on how your business successfully answers consumer needs. This research can inspire and guide new directions.

Use a slower time to pinpoint ways to refine your approach, reduce your costs and increase your profitability. If you are already running lean, you may look at potential new products or services to offer, and how to successfully market these new directions.

The main takeaway here is that a slowed economy is no time for an entrepreneur to lament lost earnings, or stare off wistfully into space. A successful entrepreneur will use a decrease in consumer activity as a time to build operational strength, re-focus all goals and objectives and to improve professional efficiencies. While it may not assuage your immediate cash flow needs, it will enable you to create stronger cash flows in the future.