

Anticipating the Upswing

The recession will eventually end, but how will you know it's coming? And until then, what might you do to better weather this economic storm? Sam Thacker, financial blogger for AllBusiness.com, recently posted his thoughts on "Looking for Light at the End of the Recession." He shares methods small business owners have used to prepare for even greater financial adversity. He then lists key happenings that will indicate the recession's end.

Countless small (and large) businesses failed last year. Those that remain are hopeful that with less competition, they are in a better position to outlast the recession, and possibly, see better earnings *this* year. However, that doesn't mean small business owners are in the clear. Many are taking measures to ensure that, in case this recession deepens, they have the resources to make it through.

After talking with a few small business owners he knows, Thacker noticed common strategies these individuals are using to protect their businesses. Most of them are reserving safety cash to use in troubling times. One business owner explained how much he reserves for safety cash: "One month's worth of payroll and rent, and enough extra cash to cover two week's worth of vendor purchases."

It is important to take whatever precautions you are able to in order to ensure your business's survival. Many businesses that didn't endure the initial hit of the recession would attribute their failure to exceeding their credit limitations and being overtaken by debt. If you haven't already, streamline your budget, and avoid the temptation to rely on credit cards to manage unnecessary expenses.

Thacker believes that while the economy will eventually recover, there are a number of things that must occur before that happens:

- The employment outlook must start showing steady improvement

- Consumer confidence must improve significantly
- The stock markets must show continued signs of improvement
- Banks must deal with the enormous amount of “toxic assets” on their books
- Average companies need to start showing a profit and increasing sales
- There needs to be a pick up in the residential housing market

A number of these may take a considerable amount of time. Until then, it's important to do what you can to safeguard your own business in case the economy worsens.

Are You In the Black?

Accounting and Tax Pros, Inc. will be participating in a Business Woman's Breakfast Seminar this October at Brookside Country Club. Please let me know if you are interested in attending this all Woman's seminar with 5 dynamic speakers.