

# Survive and Thrive

By Bernie Meineke

In his book Deep Survival, Laurence Gonzales examines stories of people who survived the most dramatic life and death situations. He asserts that while proper equipment and intelligence are important, the most important indicators of survival lie in a person's psychological and emotional make-up.

Gonzales writes that searchers often find people who have died while in possession of everything they needed to survive. He concludes that many people freeze with fear, fail to see the clues that will save them, or just give up.

His research applies to less life-threatening situations, including the survival of a business in tough times. Gonzales writes, "A lifetime of experience shapes us to meet or be crushed by challenges such as the shattering of a career, a terrible illness, or a collapsing economy."

## Plan to Survive

All businesses, especially those in trouble, need a plan. A business plan forces you to assess your situation and develop creative strategies to improve. A good plan combined with disciplined implementation gives even a struggling business a fighting chance. Here's how to get started:

**Run the numbers.** Forecast sales, expenses, cash inflows and outflows for the next six to twelve months, including a worst case scenario. After the first few months of your projection are in the books, compare your plan to actual

results. If the numbers don't work, it's time to change your strategy.

**List everyone who can put you out of business.** This includes secured creditors and lenders. Be especially aware of concentrations – If your biggest customer goes broke, will you survive?

**Negotiate like your business's life depends on it.** Pursue all opportunities to cut costs or get better terms.

**Be flexible.** Like all good things taken too far, an inflexible plan can be as dangerous as none at all. Changes in the plan will be necessary to meet changing conditions. With a clear plan, you can confidently explain your strategies to those who matter – employees, creditors, customers, suppliers, lenders, and investors. Optimism without a realistic plan is only hope, and hope is not a strategy.

## Face the Facts

Denial is common during tough times, and according to Gonzales, it's one of the key reasons that many people don't "make it out alive."

## Identify your early warning signals.

Don't ignore the proverbial "canary in the coal mine." Look for slipping profits, rising inventory, and slow collection of accounts receivable. Has your phone stopped ringing? Are you slashing prices to maintain sales volume?

**Is the business worth saving?** This can be a frightening but critical question. If your business was designed to serve markets that are disappearing, or if no reasonable plan points to survival, the answer may be no. Face the facts and seek counsel early if you are considering liquidation.

## Plan to Thrive

There are opportunities all over, even in bad times. Don't settle for just survival when much more is possible. Focus on survival first, but by building a better company you are laying the groundwork for your business to thrive.

**Don't go overboard with cost-cutting.** You don't want to leave the company crippled for the future.

**Don't stop marketing.** But do stop expenditures that don't provide a clear payback. Marketing is an investment, but it is an expense if it doesn't work.

**Add players to your team.** There's a lot of good talent on the market. Now may be the time to add some key positions – especially those who can help turn things around.

**Stop reading the papers.** If too much bad economic news is getting you down, you may need to focus on the positive and on what you can control in your own business.

**Refine your marketing strategy.** Pursue the niches that will help your company

be one of the survivors. You have a more compelling value proposition if you sell things customers "gotta have" rather than things they "wanna have."

Good economic times can cover up a multitude of shortcomings. For many



companies, the recent downturn points out the importance of solid business practices.

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