

“Minimising business risks to weather the storm”

Despite government intervention, British banks are still refusing to lend to businesses on the scale necessary for them to weather the effects of recession.

However, according to Phil Wood, managing director of chartered accountants and licensed insolvency practitioners, Barringtons, many businesses ignore the fundamentals at their peril.

“Reduced customer spending is one of the biggest hurdles in these uncertain times and all businesses are seeking ways to cut out any unnecessary expenditure with marketing budgets frequently the first to be cut. However, at a time when businesses are desperately seeking to increase sales volume, it is unwise to divert budgets away from effective, efficient marketing,” commented Phil.

For most businesses late paying customers are a perennial headache with a huge impact to otherwise viable businesses. Phil Wood suggests that factoring and other forms of asset financing can be an effective way of easing cash flow problems.

Falling property prices have become a major concern, particularly as an increasing number of small businesses are intrinsically linked to the value of the business owner’s home. However, according to Phil Wood, falling prices present an excellent opportunity for those enterprising businesses with some cash to invest.

Availability of finance is likely to continue to remain a significant problem this year as lack of bank funding is making trading impossible for many small businesses. Whilst businesses seek other forms of funding, every conceivable effort must be made to get banks lending again. “Increased bank charges are also presenting challenges for small businesses as financial institutions continue to cope with the massive losses they have sustained. Businesses should be looking for deals and switch providers wherever necessary,” said Phil.

Although the road ahead remains uncertain it is time to become pro-active as business risks can be minimised to help weather the storm.