



**Ten Tips to help business owners in today's current economic conditions.**

# Business Boosters

## Helping you make good decisions during tough economic times

One third of small business owners think the nation's financial problems have significantly affected their business and one in four think it threatens their survival, according to a NFIB Research Foundation poll conducted in the fall of 2008.<sup>1</sup>

In times like these when business decisions have considerable personal and economic impact, it helps to have the knowledgeable advice from a network of professionals who can help owners overcome challenges and lay the groundwork for future success. That's why we have compiled the following ten tips to help small and family business owners in today's current economic conditions.

- 1 | Have a thoughtful, well-written business plan and stick to it.** Rather than getting caught up in the daily operations of the business, set clear yet realistic goals and objectives. Consider strategies that address the long-term plans of your business and how you plan to retire.
- 2 | Seek out a network of business advisors.** By pulling together an informal board of directors made up of business owners in similarly-sized companies dealing with similar short-and long-term issues, owners can realize opportunities within their businesses that they may not have been able to see themselves, and they can work together to solve each others' most pressing issues.
- 3 | Find a financial professional with experience in serving small businesses.** Be sure to have a financial professional, trained to meet the needs of business owners, who you trust with your business and personal aspirations and who will help with your plan for reaching your short-and long-term goals.
- 4 | Know your core customers and delight them.** There is nothing more important than understanding your customer or client base. Segment your customers and understand where profitable business comes from. Make the extra effort to find out how you can keep and grow your base of recurring, loyal customers.

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<sup>1</sup> Small Business Economic Trends Report, National Federation of Independent Business, Fall 2008

**5 | Define and communicate your unique value in the market.** What do you do that no one else is doing? How is your service better than others? Why should customers come to you instead of your competition? Take a new look at the competition; some may have changed their approach or exited the business. Consider developing a unique message that articulates your unique value proposition.

**6 | Hire better and offer good benefits.** Typically, the pool of talented, highly-trained, and educated people grows in a down economy as increasing numbers of people lose their jobs. Take the time to find them and hire strong talent. Consider offering voluntary benefits – those that you, as an owner, offer to employees at a typically lower cost than they could obtain on their own – can be provided at no direct cost to the employees and are a great way to reward your people.

**7 | Revisit your overhead expenses and trim the fat.** This is a great time to revisit the operating line of your income statement. Which overhead expenses can be reduced or eliminated? Is there an opportunity to reduce credit card fees or discuss a reduction with your current provider?

**8 | If stuck for credit, consider tapping your whole life insurance policy's cash value\*.** Many businesses hold whole life insurance policies for a variety of reasons, including key person insurance, succession planning, and buy-sell arrangements. Whole life builds cash value, guaranteed. At times such as these when credit is tight, a business can take a loan from its whole life policy. The policy continues to receive dividends which, although not guaranteed, can increase the policy's death benefit and cash value or provide a source of income to pay some or all of the premiums due.

\* Distributions under your policy (including cash dividends and partial/full surrenders) are not subject to taxation up to the amount paid into the policy (your cost basis). If the policy is a Modified Endowment Contract, policy loans and/or distributions are taxable to the extent of gain and are subject to a 10% tax penalty. Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured. You should know there may be little to no cash value in the policy's early years.

Whole life insurance products issued by Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001.



**9 | Diversify into a complementary business.** A bad economy often causes business owners to retreat into their core business, but in doing so you might be missing a chance to leverage your existing infrastructure. This is a time to understand the profitability of each line of your business. Ask yourself if there is a complementary option that might bring in more profits or that might boost the visibility of the company overall. For example, if you own a local coffee shop, consider expanding into some light catering for area business functions.

**10 | Develop an exit strategy and succession plan.** This is particularly important if you are approaching retirement and had been counting on the sale of your business for retirement income. If the economic downturn is long-term, you need to have these plans in place and be ready to execute any of several planned options or take on a partner until the economy rebounds. As an experienced financial professional, I can help you put a succession plan in place.