

# **7 WAYS TO RECESSION-PROOF YOUR BUSINESS**



# TABLE OF CONTENT

1.	INTRODUCTION	01
2.	HAVE MULTIPLE REVENUE STREAMS	02
3.	MANAGE YOUR CASH FLOW	04
4.	BUILD AN EMERGENCY FUND	06
5.	FOCUS ON YOUR EXISTING CUSTOMERS	07
6.	IMPROVE YOUR MARKETING STRATEGY	09
7.	AUTOMATE BUSINESS PROCESSES	11
8.	IMPROVE YOUR MAIN OFFER	14
9.	BONUS:	16

# 7 WAYS TO RECESSION-PROOF YOUR BUSINESS

## INTRODUCTION

One of the most painful things businesses have to endure is economic downturns.

Countless brands fail because they aren't prepared for periods of severe economic hardships. However, as a business owner, you have to expect drops in business activities and prepare for a recession so that it doesn't catch you unawares.

Use the following methods to recession-proof your business, continue operating, and grow even during difficult times.

Let's get started!

# 7 WAYS TO RECESSION-PROOF YOUR BUSINESS

## HAVE MULTIPLE REVENUE STREAMS

This is by far one of the most effective ways to ensure a steady cash flow and continue running your business during an economic recession. Even if you have a great 9-5 job or startup that pays you well, you need **to diversify your income streams**. Keep your job but pick a side hustle that brings in extra cash. You don't have to work on it 24/7. Invest at least 2 hours a day or less to monitor and keep it afloat.

There are countless businesses you can start today that don't require too much money or time. Brainstorm passive income ideas and pick one that interests you. Focus on turning it into a business.

Some of the most lucrative passive income ideas to consider are dropshipping, online courses, blogging, coaching, writing eBooks, affiliate marketing, and opening an online store.

Consider your skills or interests to ensure success. Choose something that you are passionate about. Go with what you know you will enjoy working on years from now to ensure you don't quit when things get tough.

Once you pick your side hustle, set sales goals and focus on growing the business. Use the money you make to grow your business. Save a certain percentage monthly or as often as you receive your earnings. Use your savings only during a recession.

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Look for investment opportunities and **make long-term investments**. Choose businesses you are familiar with and ones you believe in to avoid losses and ensure returns.

**Diversify your investments** to increase earnings and your chances of success. Learn about investing or **hire a financial advisor** to help you identify smart investment opportunities, manage your finances, make informed decisions, avoid losses, and ensure profits.

# 7 WAYS TO RECESSION-PROOF YOUR BUSINESS

## MANAGE YOUR CASH FLOW

Manage your cash flow, account for every cent, and know where your money is going to set yourself up for success. Maintaining a steady cash flow during a recession is difficult if not impossible, so do due diligence before it happens.

Consider your main income source. How do you fund your business? Where does the money you use to run daily processes come from? Does the business run itself or do you rely on other income sources? If you use other accounts to keep the company afloat, look for ways to improve your product or service so that you don't have to borrow money from other accounts.

If the business runs itself, pay attention to your key performance indicators. Where is the money coming from? Which product or service brings in more money? Which processes generate revenue and get you more sales? Invest in processes or offers that bring in more buyers.

Identify areas that need improvement and make the necessary adjustments. For example, which processes are failing? And Which ones aren't as effective as you want them to be? Isolate them and determine if they are worth the investment.

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Another effective way to manage your cash flow is to cut unnecessary spending. Know where your money is going and determine whether or not it's worth the investment. Have a look at all the memberships, subscriptions, and services you are paying for that your business can operate without. Cancel unnecessary subscriptions or memberships and discontinue services.

Use the money you save to fund important business processes and invest in things that align with your business goals.

Consider the important services or subscriptions you are paying for. Can you afford to continue paying for those services and simultaneously grow your business? If not, look for cheaper options. But make sure you get value for your money.

Managing your cash flow is key to not only running and growing your business but preparing it for an economic downturn. So, prioritize it.

# 7 WAYS TO RECESSION-PROOF YOUR BUSINESS

## **BUILD AN EMERGENCY FUND**

Build an emergency fund to avoid going through your business account to cover emergencies or other unexpected expenses. Open an emergency account and constantly deposit money into it.

Save as often and as you can. Be consistent. Set aside a certain percentage of your earnings and channel the money into your emergency account. If you receive money weekly, save weekly. If you make money monthly, save monthly.

Building an emergency fund is an ongoing process that requires dedication and proper planning. If you want to have \$30000 on your account in 3 years, take it one day at a time. Save daily, weekly, and monthly. Be patient and understand that the money will eventually add up.

Setting aside money for emergencies allows you to continue running your business, avoid getting into debt, and ensures you don't use your business funds to cover unexpected expenses. It is key to surviving a recession, ensuring a steady cash flow, and keeping your business afloat during uncertain times.



# 7 WAYS TO RECESSION-PROOF YOUR BUSINESS

## FOCUS ON YOUR EXISTING CUSTOMERS

Your current customers can give you more sales opportunities and are key to taking your business to the next level. So, invest in them and focus on strengthening business relations.

**Form meaningful relations** with them. Offer exceptional services to ensure they don't go to the competition. Don't just focus on concluding a sale. Show your customers how much you value them. Show that you want to make their lives easier and help them reach their goals.

Identify rising customer needs and cater to them. **Offer solutions** to common problems and help them mitigate challenges. Look for ways to add value to their lives and make their work easier.

Know where your clients want to go, find out how you can help them get a step closer to the desired destination, and market your offer.

Offer the best service that they can't receive anywhere else and exceed expectations. Meet deadlines or submit work a day or two before the expected date. Keep your customers talking about the great service they received from you and how you helped them with ABC.

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Establish **effective communication channels** and stay in touch with your clients to get them to think about your brand and ensure they don't seek business elsewhere.

Offer free services, massive discounts, and free resources to **maintain relations** and keep them interacting with your brand. Doing this helps you build meaningful relations with your customers and ensures you keep them for life.

**Win back lost clients** and turn them into long-term customers. Go through your client list and highlight all the clients you've lost over the years. Once you come up with an exhaustive list and have access to their contact details, reach out to them.

Don't wait for clients to come to you for business, approach them instead. That applies to your existing customers as well.

Come up with a new project proposal and show it to them. Highlight the positive impact that it will have on their business to get them to accept your proposal. Constantly look for ways to keep your customers coming back and buying your product to maintain relations.

Doing this makes it easy for you to maintain your client base and upsell to existing customers during a recession. You have already proven your expertise, shown you value your relations, established trust, and formed strong business connections. So, keeping your customers won't be difficult because they trust and value your brand.

# 7 WAYS TO RECESSION-PROOF YOUR BUSINESS

## IMPROVE YOUR MARKETING STRATEGY

Your marketing strategy is key to building brand awareness, reaching your target audience, attracting sales, and taking your business to the next level. So, invest in it.

Come up with an effective strategy that allows you to continue promoting your brand despite economic downturns.

One mistake that most companies make during a recession is cutting back on marketing. Don't make the same mistake. You want to retain your customers, acquire new ones, remain on top of their minds, and turn them into long-term clients. The only way to achieve that is by setting aside a budget for your marketing processes and ensuring you continue to advertise your offers during difficult times.

**Use content marketing** to build and strengthen customer relations, hold on to existing customers, attract new sales, and continue operating during economic hardships.

Understand your target audience to provide content they are interested in. Use your content to add value to your followers' lives, nurture leads, and turn prospects into customers. Curate content that caters to their needs, provides solutions to pressing issues and makes their lives easier.

## 7 WAYS TO RECESSION-PROOF YOUR BUSINESS

Share promotional content that caters to different needs. Target high-paying customers and low-paying ones. Create offers that appeal to different types of people and ones that meet various needs.

**Use different pricing strategies** to ensure sales. For example, value-based pricing, promotional pricing, psychological pricing, bundling, and premium pricing. Doing this ensures you continue selling your product or service and sets you up for success.

Constantly monitor your pricing strategy to determine what works and what doesn't.

# 7 WAYS TO RECESSION-PROOF YOUR BUSINESS

## AUTOMATE BUSINESS PROCESSES

One of the main reasons that lead to business failure, bankruptcy, or job loss during a recession is biting off more than you can chew. That means hiring too many employees when you are only starting, expanding your business too early, investing money in processes that aren't working, and using services you don't need.

So, instead of hiring more staff, look for ways to get the job done effectively without onboarding new employees especially if you can't afford to. Answer key questions before hiring more people; *"Is this the right time to hire more employees?" "Why do I want to get more people on board?" "Is it going to benefit the company and how?" "What role are the new workers going to play. Will it help us reach our goals?"* And *"Is hiring permanent employees the only option we have?"* Answer these questions to determine whether or not hiring is the best move, make informed decisions, and avoid losses.

If you notice that getting more people onboard benefits the entire organization, look for alternative ways to access the skills you need without hiring permanent staff. For example, work with contractors or freelancers.

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If you aren't seeing ROI for your marketing efforts and want more people to join your sales and marketing team, train your existing team instead. Find out why they are underperforming and provide solutions. For example, if they complain about too much work and inadequate resources to meet deadlines and reach customers, provide the required resources.

Automate repetitive tasks and enable them to work more effectively. For example, invest in email marketing software to reach out to potential customers, create professional emails with minimal effort, nurture leads, and maintain client relations.

Research the top marketing software to use and train your staff to familiarize themselves with it.

Some of the best email marketing software to look into are **Constant Contact**, **ActiveCampaign**, and **MailChimp**.

If your team complains about failing to keep up with social media comments and send timely responses, use social media monitoring software like **Sprout Social**, **Hootsuite**, **BuzzSumo**, **Buffer**, **HubSpot**, and **Sendible**.

Use automation software to save time, money and avoid downsizing employees during an economic crisis.

Other processes to automate are **invoicing**, **purchase orders**, **customer support**, and **contracts**.

## 7 WAYS TO RECESSION-PROOF YOUR BUSINESS

Use **Xero, Zoho Books, QuickBooks, FreshBooks,** and **Sage Business Cloud Accounting** for bookkeeping services.

If you have multiple startups and are only starting, delegate some of your work. Work with people you trust or search for freelancers on **Fiverr, Upwork, Guru, PeoplePer Hour,** and any other freelancing platform you choose.

Delegating tasks helps you rapidly grow your business, meet deadlines, build your reputation, and enhance sales. It also makes it easy for you to focus on more important tasks that have a direct impact on your business and ensures you are well-prepared for any crisis.

# 7 WAYS TO RECESSION-PROOF YOUR BUSINESS

## IMPROVE YOUR MAIN OFFER

Improve your main offer to grow your customer base and keep your business afloat during uncertain times. Find out what you are great at and capitalize on it. Identify your strong point and use it to attract sales, maintain your reputation, build your brand image, and continue business operations.

Answer key questions; *“What is your value proposition?” “What sets you apart from the competition?” “What is your best service or product?”* And *“What is one thing that people love about your brand?”*

Once you answer those questions, focus on making it even more appealing to customers. Look for areas that can be improved or offer more of what your buyers like. For example, if people are drawn to your brand because of the 50% yearly discount you give to repeat customers, offer a 50% discount on that particular product or service twice a year.

If buyers favor your business to the competition because of the yearly contests you host and the exciting rewards that come with the events, host the competitions 3 times a year. The goal is to give customers more of what they love and keep them coming back.

Stay one step ahead of the competition and always look for opportunities to outshine your competitors.



# 7 WAYS TO RECESSION-PROOF YOUR BUSINESS

Improve your main product or service to retain your customers, attract prospects, and increase your conversion rates. Study the competition and find out how you can make your offer more appealing to clients. Identify your top 3 competitors and analyze their strategies. *“What is one thing that people love about their businesses?” “What captured your attention the second you visited their websites?” “What do they have in common?” And “What are their weaknesses?”*

Identify what works and what doesn't. Focus on their weaknesses and improve where they lack. Offer free services for something they are charging for, slash prices, or offer double value for packages similar to yours. For example, if you sell accounting software and notice that the competition has 4 services for the first package, 6 for the second one, and charges separately, improve your offer. Offer 6 services on your first package and 8 on your next one.

If you sell merchandise, offer free shipping plus a 10% discount to returning customers or ones who have been in business with you for more than 3 years.

Doing this helps you quickly grow your customer base, increase sales, build loyalty, and turn first-time clients into recurring customers. It also makes it easy for you to remarket to your buyers, win back lost clients, and get them to buy more of your product even during a recession.

# 7 WAYS TO RECESSION-PROOF YOUR BUSINESS

## **BONUS:**

Maintain a good credit score and make sure your accounts are in good standing. For example, use your credit wisely, pay your bills on time, pay off your debts, watch your credit report, and keep your balances low. Doing this helps you get approved for bank loans when you need them to keep your business afloat during a recession.