

Staying Connected

For the Alumni of the ECCB's Savings and Investment Course



(EXTRACT)- 10 Tips to Grow Your Business Plain and Simple

By Beth Tabak

http://www.entrepreneurismbible.com/business/kb_10-tips-to-grow-your-business.htm

Focus on Profitability vs. Revenue

While revenue is important, high revenue doesn't add value if your expenses are just as high. What can you do to create more profit? Possibly develop various streams of income. What expenses could be reduced or eliminated? How can you operate more efficiently? Think profit.

Work "in" and "on" your business

Sometimes we get so caught up in daily tasks "in" our business we forget to step back to take a wider look from the outside. Seeing it through a customer's eyes. Noticing how it fits into the community. Preparing the future of the company. On the other hand, we can get so comfortable working "on" our business we forget to step in to talk with customers and experience what the employees face on a daily basis.

Automate and Create Systems

What do you need to automate? What system can you put in place that would free up your time or make you more money? What tasks need to be eliminated, systematized, or delegated. What system would help your employees be more effective and provide the best service? Finally, is there a system that needs to be upgraded? Automation and systems help your business be consistent and efficient.

BETWEEN THE PAGES



PREPARE FOR THE LONG HAUL!

Since You Don't Have A Crystal Ball



ECCU BUSINESS OUTLOOK SURVEY REPORT

JULY TO DECEMBER 2011



Coping in an Economic Downturn -The Business Experience



Prepare for the Long Haul!

Since you don't have a crystal ball [S.L. Welsh](#)

Because of my work with the ECCU's financial and economic education programme, I usually find myself faced with some very challenging questions. Just recently, a gentleman asked me if I could indicate when the economic downturn would end. *'Well, that is a question for Nostradamus and I am not him'*, I thought. Usually when stumped with these questions for which I have no earthly response I usually smile and lean towards a biblical story...So here is where the story of Joseph's interpretation of King Pharaoh's dream takes centre stage.

According to Joseph, the dream foretold seven years of plenty and seven years of drought. The financial crisis which led to the economic crisis began in 2008; if you are counting seven years inclusive from that period, you end up at about 2014. That's my best guess for when

the economy may start to liven up again. Am I right? Your guess is as good as mine. Because with the globalisation of the world's economy and the enhanced risk sensitivity caused by our global interconnectedness and our dependency in the region on the fate of the world's economies to determine our own, anything can happen to once again upset the apple cart and send us into an economic free fall. And I am not even touching the other risk factors like natural disasters and the rising prices of oil and other key imports that can be added to our unpredictable economic equation.

It is also reasonable to state that even when the economies of our major trading partners begin to rebound, the trickle-down effect would not be felt immediately, since we experience both the downturn and the upturn at a lag.

Every economy revolves around demand and supply;

demand increases and supply follows to meet demand. On both sides of the equation there is one constant – JOBS! People have to have jobs, or some source of earnings, or access to credit to finance their demands; and in order to meet consumer demands industries hire (job creation). In turn governments earn by taxing those earnings and/or spending.

What happens to the economic equation if jobs are not there, or to be more accurate not at the desired levels to create a strong economy? The answer is what we are facing now -an economic downturn. When will it end? Again, your guess is as good as mine. What is certain is that there is no quick fix to our economic woes and so we need to brace ourselves, look for opportunities to strengthen our financial situations and prepare for the long haul!

ECCU BUSINESS OUTLOOK SURVEY REPORT— JULY TO DECEMBER 2011

EXECUTIVE SUMMARY

The results of the **Business Outlook Survey (BOS)**, conducted by the Eastern Caribbean Central Bank (ECCB) in each of its member countries during the second half of 2011 indicate that, in general, economic conditions for businesses for the period January to June 2011 deteriorated compared to the corresponding period of 2010. Businesses in the Eastern Caribbean Currency Union (ECCU) also expect that general conditions will deteriorate even further during the period July to December 2011 when compared with the corresponding period in 2010.

Businesses surveyed indicated that the terms and conditions

for lending by both the foreign and indigenous banks in the ECCU region *tightened* during January to June 2011 compared with 2010 and this was attributed partially to the weaker economic conditions in the region.

Businesses also indicated that the terms and conditions for lending set by the banks will not ease in the second half of 2011.

The report highlights the most challenging problems identified by businesses over the period January to June 2011, such as low sales turnover and “cash flow/debts/receivables”. In addition, business owners were concerned about high utility costs, competition from local firms and the price of oil on the

international market.

NB: The Business Outlook Survey (BOS) is designed to capture, on a semi-annual basis, the opinions of businesses in the ECCU member countries in respect of the current and expected state of their business operations, as well as the economies in which they operate. The surveyed

businesses indicate the direction of change in three main areas: *general business conditions, business conditions in their sector and their individual business performance.*

To access the complete survey report visit us at www.eccb-centralbank.org

Table 11: Solutions Given by Businesses to Alleviate Problems and Constraints

Rank	Problem	Suggested Solutions from Individual Businesses
1	Low sales turnover	<ul style="list-style-type: none"> • Aggressive marketing and advertising. • Competitive pricing. • Promotional prices/rates have been offered on products and services. • Offer bundled services to stimulate turnover. • Purchase of better products for the market.
2	Cash flow/Debts	<ul style="list-style-type: none"> • Use stronger collection measure • Tightening of credit policies to reduce the risk of uncollectible debt. • Financial analysis • Seek legal intervention
3	Utility rates	<ul style="list-style-type: none"> • Reduce electricity consumption • Purchase energy efficient equipment. • Reduce the number of trips taken in company vehicles

Disclaimer: Comments in the table do not reflect the views of all the businesses surveyed nor do they reflect the views of the ECCB



Coping in an Economic Downturn— The Business experience



**Judith Rawlins, Proprietor,
Brown Sugar , St. Kitts**

Addressing the graduates of the 1st Cohort ECCB Entrepreneurship Course and 13th Cohort ECCB Savings and Investments Course, St. Kitts 30 July

The market has definitely shrunk; customers are spending less and in some cases it seems as though customers have literally disappeared. At the same time there are new competitors. Despite the fact that we are talking about going through a recession, the number of new retailers that are cropping up in the capital, Basseterre, is phenomenal. So there are new competitors and customers have more choices, a number of things they have to add to their budgets and less money ...so that affects the shrinking market; and there is also on line shopping.

The attitudes of the market

place and the notion that these are hard times have penetrated the thinking and behaviour of the customer and so you see a change in their habits. Their casual spending is dwindling; their browsing habits have dwindled. I remember one afternoon when I was in the shop with my sales associate I commented on how dead the place felt. There was literally no one on the side walk and this is not normal; her comment was, *"I can't even get them to come in, because if they come in, I will catch them."* Especially during the first quarter when it seemed as if people had literally disappeared from the streets. Whether it was a coping mechanism or how they dealt with their own financial restraints, the streets were empty...people were not even browsing anymore.

This year we see a lot of the discount shopper. It seems that our constitution has said *'everyone is entitled to a discount'*. So we have seen the affirmation or the birth of the discount shopper. At the start of 2011 everyone had to give a sale.

How have I responded to the changes? One of my best responses, unfortunately, is to lament how difficult times are. I think that is something that we as business people like to do. We meet each other and ask; *"How is business?"* And we respond, *"Business is horrible"*; and we tell each other our horror stories. In some ways it is therapeutic; it releases some of the stress if you can laugh at your own calamity. But in reality there are things we have to do to cope with the change in our businesses.

GOING BACK TO BASICS - I find myself doing my SWOT analysis more frequently than I ever would. Normally you do your SWOT when you are developing a project or doing something for the bank but now I find myself reviewing my threats and opportunities constantly as I look for a way to get out of what is going on.

As small businesses, we rely on certain conditions to remain stable to navigate our businesses. We find ourselves in economic times where we are not aided by our maps.

Meaning, **“ In the new market place there are threats and opportunities and I have to be constantly aware of these in my observations.**

May 2009 and May 2010 have absolutely nothing to do with what is happening in May 2011 and so I find myself navigating in uncharted waters. That itself is a challenge.

ACCEPTING THE CHANGE -

I see that in a way like the experience I had when I had my son. I think most women can relate to this. When you have a child you can't wait to get back to normal. For the first few months you expect that you are going to get your body back and your sleep back. Then after a few months you realise there is no such thing as getting back to normal. So I liken this period that we are going through as that. We are not going to get back to 2006, 2007, 2008. We have to accept what is going on as a phenomenal change and learn how to live in this time.

One of the things I have to do in living through this recession is to sharpen my observations and response skills. In the new market place there are threats and opportunities and I have to be constantly aware of these in my observations.



The businesses around me are changing constantly. They are downsizing; changing focus; they are new businesses popping up and there are those that are closing as well. Where do those represent opportunities for me? Are there businesses doing similar things that I am involved in that are downsizing or closing? Does this mean that their clients will welcome me? How will that potentially open up opportunities for what I am doing?

These changes are not just happening on the local scene. Last year when I got to New York I could not find the big shop that did my machinery repairs. It had disappeared! Two years ago my biggest linen

supplier in Brooklyn closed without saying goodbye. So we see businesses disappearing who are our supporters or partners in business. How does that affect me when I have lost a supplier and have to start new relationships all over again? That affects both business and business performance.

One of the things I find is the greatest challenge is the turnover cycle. What we can still produce in one week takes a longer time to turnover. At the same time that you are dealing with a longer turnover cycle, you still have the same four week cycle that runs your business - every 4 weeks it is time to pay wages, social security, electricity and other utilities bills, rent and loan payments. Your turnover performance has changed but your bills are still due every four weeks. That is the juggle you have to be doing constantly.

You have to do the maths and understand and find ways to cut cost and look at how operations cost can change to meet the new cycle that you yourself cannot even predict.

Cont'd on page 6

Coping in an Economic Downturn— The Business experience cont'd

Another thing we have to do is to improve our service and our efficiency. We have to know our strengths and what skills we as a company can deliver on...Those things that we do well that are profitable for us that our competitors most likely cannot compete with us on. We have to be more disciplined; we have to incorporate best practices; we have to be more productive and minimise waste.

This does not only apply to a business but also to our own

individual lives. Consider our individual experiences in this recession. I am sure we ourselves have been impacted by it and we have to have similar policies in terms of how can we cut costs and how we can better manage our money.

At the end of the day, an economic downturn is part of the natural sequence of the economic cycle. The economist curve not only goes up, it also comes down.

So we have to accept what is going on and understand that this is not something that we can avoid but something that we have to learn to cope with. What is your role in this recession? You have to analyse that. Support local businesses! That is how we are going to make it through the recession if we understand our responsibility to the economy and what we have to do to keep the cycle of businesses alive in Basseterre. ●



**LAUGH IT
OFF**

**Because
Laughter is
STILL the
Best
Medicine.**