

The "Boom" Splat



Anyone who lived through the last economic downturn knows that the economy can change drastically and seemingly at any time. It seems that one minute the economy is riding high, and virtually the next minute it can disappear as quickly as it came. But what we've also learned is that with the ebbs and flows of the economy, it always seems to bounce back. And with that uncertainty, you have to make sure you can weather the downturns as well as you can enjoy the upticks. And business is no different. I call this the "Boom Splat" of any business.

One of the things I always help my clients understand is that owning your own business is an investment – an investment in yourself. And in order to maintain that investment, you must be able to manage the ebbs and flows that every business – and every economy – will inevitably encounter.

For instance, some businesses have "seasonality" factors usually predicated by simple, basic human behavior. Think about it. People go on vacation during the summer, so some businesses will see a slight decline in their business during the summer months. Or if you're in a business that sells a larger ticket item, you may see a dip in sales during January. Why? Well, so many people have spent a lot of money on holiday gifts right before January and may not have disposable income handy. That's why you see a lot of 99 cents hamburger deals from fast food retailers, or significant discounts and special deals on automobiles during January.

And when business is good, it's really good! The high that you feel through those booming months is all the euphoria you had been craving when you first considered business ownership. But don't let that euphoria cloud reality – the reality that comes with the slower times.

Here are a couple of tips to think about:

- Set a budget and stick to it. By creating and following a budget, you're providing yourself the necessary discipline to not make hasty decisions when times are really good or when they turn down a little.
- Always make sure you're putting away money for the lean times. It's ok to reward yourself with a special purchase if your budget allows for it. But now isn't the time to go on a crazy spending spree. Be smart – remember the splat that may hit you.
- Be certain you always have an account that is set aside to pay taxes – and that's all you use that account for. There's nothing worse than meeting with your accountant and realizing you don't have enough money to pay Uncle Sam. Don't let that happen to you.
- Keep your best clients/customers front and center. Everyone loves to get new business – and that's obviously very important, but make sure you're always keeping your best clients/customers as a strong focus. They are the ones who will maintain you through any lean times, and they are the ones with whom you will celebrate during the strong times.
- Use the slower times to brainstorm and try new ideas to generate business. Perhaps there's a new marketing idea you've been wanting to try. Maybe your staff has some fresh ideas to generate new business. Use the time to dig a little deeper and maybe look at growing your business in a unique way.
- Use the slower times to invest in your business and yourself: new training, focus back on the basics, take a vacation, etc. If you know your business is going to slow down, use that time to brush up on the latest training. Or allow your team time to focus on some specific training that could improve their job performance. And don't forget about yourself – make sure you're taking a vacation to recharge your personal batteries. Use your slower time to be able to get away from the business for a while.

With these few tips, you'll hopefully be able to avoid the emotional rollercoaster that comes with the ebbs and flows of business ownership. And here's to many more "booms" than "splats."