

# A **guide** to surviving the economic crisis.

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**Cash will be king, argues  
Page Kirk Partner JACK MOORE,  
as he gives some handy  
suggestions for surviving  
the economic downturn that  
inevitably seems to be just  
around the corner.**



The UK isn't yet technically in an economic recession. But it feels like it, doesn't it? We are experiencing unusually uncertain times in the wake of Brexit, the twilight of the Covid-19 pandemic, and now the midst of Russia's war in Ukraine.

As a general rule, an economy is deemed to be in recession after two consecutive quarters of negative GDP growth. Here in the UK, we had negative GDP growth in Q3 of 2022 but then narrowly avoided a technical recession once the Q4 results revealed that our economy had grown by 0.1%. For all intents and purposes we are currently operating under recession-like conditions, despite not being in a technical recession.

Price increases are taking hold in almost every sector and feel like they're here to stay. Consumers are spending more of their money on heating their houses and fuelling their cars, meaning that they're left with less disposable income. What's more, loans and mortgages that weren't previously on a fixed rate are becoming increasingly expensive.

For businesses, our costs are becoming **more expensive across the board** and demand in many sectors is slowing. So many businesses are seeing less coming in and more going out, which can signal curtains for any business if the impact of a recession is ignored.

Here are **five things you can do** to help shield your business from the incoming storm, but – spoiler alert – they all revolve around cash management and financial oversight.

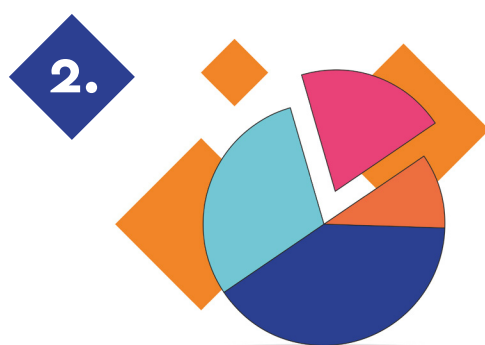
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**Cash is king. So make sure you know how much of it you're going to have.**

Wages, suppliers, taxes. Your business needs its cash and, if you've got less of it coming in, then you need to plan more meticulously for what you're happy to spend. If you don't know what your cash outflows look like for the next 30 days, how can you be sure that you're going to have enough cash in the bank come staff payday? Don't risk leaving yourself short – draw up a cashflow forecast for your business and update it regularly. Your cash position and your cash projection should be something that you're interested in seeing on a daily basis.

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**Forecast when you might need more cash, and secure it early.**

If your business needs a short-term cash injection to help with working capital during a tough month or quarter, you don't want to be left short. Interest rates are rising, but support for small businesses is still out there if you need it. Applying for a business loan or an overdraft with your bank doesn't happen overnight and you won't have funds available straight away. So secure your funding early and don't leave it until the day that you need it.

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## Reconsider your investment strategy and the timing of your investments.

Investing in your business is a necessity for future growth. But in turbulent times, simply staying afloat can be as much of a trophy as adding growth to your business. It may be sensible to prioritise your working capital requirements over your investment plans, just until you're certain that eating into your reserves won't put your business at risk. The more in tune with your business' finances you are, the more confident you can be in making any investment decisions. If you were planning on buying that new piece of machinery, signing a new long-term lease, or hiring more employees to grow your team, make sure that you have confidence in your financial projections before pulling the trigger.

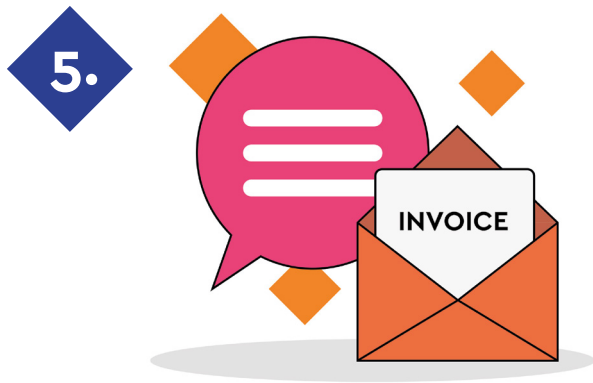
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## Talk to your suppliers and build strong relationships with them.

All businesses are experiencing the same economic conditions, and most of them will be feeling the economic pinch to some degree. If you need to ask your suppliers for an extra week or two to settle their invoices, they may empathise and allow for a temporary extension to your usual payment terms. If you have strong relationships with your suppliers, and have open and honest conversations with them, they are more likely to be understanding of your situation. Just don't make promises that you can't keep or you'll quickly find them less accommodating!

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## Chase the people who owe you.

You'd be surprised at how many businesses I work with that don't have any procedures in place for monitoring or chasing their unpaid invoices. If you've invoiced your customer and agreed terms with them, as soon as those terms have passed and the invoice remains unpaid, then you should be giving them a friendly reminder. This doesn't necessarily mean threatening legal action, or having any awkward conversations. If they've used your services or bought your products, they will understand that they need to settle what's owed. Perhaps they simply forgot to make payment, in which case dropping them an email or giving them a quick phone call may result in getting paid the same day. Or perhaps they just need another week or two, while they wait for some invoices of their own to be cleared. In which case you're going to be on the other end of the conversation you had in point 4 above!

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The one constant that will never change in business is the **importance of cash**, and there is never more emphasis on this point than during times of economic recession. If the thought of struggling through a recession keeps you up at night and you're concerned about how it will impact your business, the biggest comfort will be having total clarity over your finances and, as a result, more confidence in what the future might look like. I can't stress enough the importance of having total financial oversight as a business owner. Nobody can predict the future, but making some effort to draw up financial forecasts will give you so much peace of mind and will sharpen your business decision making.

If you're keen to explore any of these suggestions in more depth or to talk to experts about the best way of riding out any forthcoming downturn, please call **0115 955 5500** or email **[enquiries@pagekirk.co.uk](mailto:enquiries@pagekirk.co.uk)**.

To find out more visit our website at **[www.pagekirk.co.uk](http://www.pagekirk.co.uk)**.