

From the Handbook for Business, the Bible

36: The wise see danger ahead

Let's talk about your response to an unfolding world recession that is going to impact your business, your customers & your asset values, no matter what the new RBA Gov says or does!

Most people have no idea how fragile western economies, especially the USA are. We have been living in a bubble for too long, financed by fiat or debt-money; historically, 80 years is about the average life of a fiat-based system before it collapses; the USA system is now 110 years old! The central banks will keep it going by hyper-inflating the money supply but it won't fix the problem.

The bottom line: A failing money system will always be a danger for business! So, you need to prepare to ensure survival; if the downturn is delayed you lose nothing! And your preparations will improve your business model, especially as some of your competitors will likely not survive!

What Handbook verse can we apply to this evolving situation?

Prov 22:3, *'The wise see danger ahead **and avoid it**, but fools keep going and get into trouble'* ncv

...**Danger** means 'misery' & 'distress' - exactly the outcome for many in a severe recession

...**Trouble** means those not ready will suffer the consequences and be punished or clobbered

* Remember, 4,500 years ago all but 8 people on earth paid a huge price for not being prepared?

How can business owners prepare for the danger ahead?

Clearly, personal spiritual preparation is the first step; Jesus declared, *'you must be born again'* and from there, we can put all our trust in God and the truth of His Word, living & written.

Next, is the 6,000-year-old business & marketing secret that Christians alone are stewards of, that is communicating the Father's love! In tough times people need to receive & give love.

Here are 10 TACTICS to help you prepare (see also session 28 notes in TMS):

1. **Set a breakeven GP target** - how low you can go & still survive? (See **session 3, TMS**)
2. **Sales focus** - too many resources (time & \$) are going into unprofitable customers, products & services (e.g., bottom 20%); stop this hemorrhage & focus on the top 20%
3. **Build a cash reserve** - you need cash to stay solvent & because it's value increases in tough times or rather, what you can do with it does (e.g., buy liquidating assets)
4. **Reduce or eliminate debt** - lenders panic in a recession & call-in defaulting loans; this is what happened in the 1991-92 recession, forcing many good businesses to close
5. **Help people save \$** - offer 'packages' with reducing unit prices the more they buy (e.g., instead of one meal, offer a family-meal-deal); this isn't discounting, it's increasing value
6. **Email your data base weekly** - offer specials & deals; pass on savings & reward loyalty
7. **Give people choices** - package what you sell as gold-silver-bronze; or good-better-best
8. **Stay in touch with customers** - follow-up post sale; or just ring; let them know you care
9. **ID & promote a point-of-difference** - give people a clear choice (speed is a good one)
10. **Involve your team** - discuss this plan with them & keep them in the information loop.

Counsel: Danger ahead! Business-as-usual may not get you through a recession; neither will the government. You need wisdom to see the danger and develop your survival plan; otherwise, you will be numbered among those who get in trouble...i.e., go broke!