

GUERRILLA PROFITS™ REPORT

Powerful Strategies to Increase Cashflow, Boost Earnings & Get More Business

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The Small Business Recession Survival Guide

How to avoid a Cash Crisis in your business...
(and what to do if you're facing one)

by **Stuart Burkow**

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 When it gets right down to it....cash really is king when it comes to your business. Without enough of it, you can't function—and in periods of cash crisis....it's hard to think about anything else.

Hopefully you're not facing a cash crisis at all—and this report can help you plan ahead to avoid one altogether—and if you *are* facing a cash crisis....it can help you focus directly on the critical elements needed to deal with it and fix it.

We're facing an extraordinary mix of influences on all economies around the world....and the challenges have never been greater in our lifetimes. But, that doesn't mean that your business has to take it on the chin.

In fact....and this is no exaggeration....if you are prepared to take action and actively seek out the rare profit-opportunities that have unexpectedly come along directly as a result of these challenges—you could actually wind up better off than you might imagine.

But first, you've got to wrestle with the alligators that are snapping at your own business's heels. You've got to stabilize your own situation (if needed)—so you're in a position to focus on these new profits.

Remember, in *Guerrilla Profits*, our primary task is to replace any fear or other non-productive emotional response to circumstances—with appropriate action and promotion—to get the results we want.

Let this report be your starting point to taking the massive action needed to make sure that your business is one of the survivors—and even one that is positioned to excel during tough times.

A bit of background first...

We usually take a “more profits is the answer” approach with *Guerrilla Profits*—but in this case—we'll start out directly looking at cost-cutting issues.

People naturally tend to take a wait-and-see attitude when things first slow down in their business. They're

hopeful that things will correct—and they can get back to business as usual. But, once a threshold of financial pain or fear and uncertainty is reached that is uncomfortable—then money outflows begin to receive extreme scrutiny—and businesses begin to put the brakes on any discretionary spending.

In periods of financial crisis, often the only immediate option and focus considered is “slash-and-burn”—when it comes to costs and expenses. And, even though this can give quick relief when cashflow drops precipitously—this can also cause major and lasting damage to a business—making it difficult to recover fully once a financial crisis has passed.

One of the most problematic areas where this damage happens, in crisis cost-cutting, is when large investments in personnel development and training simply disappear...as otherwise good staff people are let go.

Since employees are one of the largest expenses of many businesses, this is one of the largest areas where expenses can be quickly cut. But then all the skills, knowledge, and expertise specifically related to your business—wind up going out the door with them.

So, it would make good sense to have plans in place to help alleviate getting yourself into a position where this type of slashing is necessary (unless of course there has been a permanent shift in the viability of your business).

Business Triage

In medical emergencies involving multiple patients, the process of “triage” helps determine which patients are in the most critical condition...those who are is less severe (not quite as immediate) conditions...and those who can wait while the others with more serious conditions are treated first.

The dictionary defines triage as, “*The determination of priorities for action in an emergency.*” This definition fits perfectly in a business crisis where cost-cutting is

being considered.

Start by considering your current cashflow compared to your current costs and expenses. The obvious starting financial threshold is when your cashflow dips below your current costs. You’ll then need to evaluate your ability to fill in the gaps from other sources—and also consider steps you can take in your business to raise cash fast.

For example, a local convenience/liquor store in my area recently put a sign out in front (visible to cars driving by on the street)—that read, “20% Off All Wine.”

While this can generate activity for this category where there was initially ample selection—this store owner was obviously living off his inventory—and there was a noticeable depletion of the wine section as the sale went on. He then runs the risk of turning away buyers...and especially his regular customers...as they find a smaller and smaller selection from which to choose.

Getting back to our discussion of triage...

Your next financial threshold will be when you are unable to make up any difference by raising outside cash or through quick-fix business tactics. What will you do at that point?

That’s usually the point where deeper cuts take place—and some of the less discretionary costs will be cut...or where slowing of payments starts to occur with suppliers and bills that don’t carry large penalties or consequences.

In the final phase of crisis cost-cutting (you’ll need to determine what that threshold level is for you)—that’s where the business takes it on the chin—and slash-and-burn survival tactics occur.

So...your goal for ***Business Triage*** should be to determine:

- 1) What are your actual and necessary current

costs and expenses? (a detailed list)
(and....What discretionary costs can you do without now?)

2) What are your options to raise *fast cash* should your profits cashflow dip below your *necessary* costs and expenses level? (list as many options as possible, both promotional and financial)
(and....What costs can you cut first that won't harm your business operations?)

And...

3) What are your options to raise *larger amounts of cash* to survive?
(and....What large costs can you cut quickly that will give you the greatest relief?)

Really spend some time with these questions.

Once you determine the levels of triage for your business that would be appropriate during a decline (the actual steps and actions you'll take based on financial thresholds or conditions)—you'll find that it helps you think more clearly....and to take more constructive actions.... should a crisis arise.

But remember, that's only if you consider this carefully prior to being in crisis. If you wait to do this while you're in the thick of it—you're less likely to find the more creative options and to have time....or be prepared....to tackle all the possible solutions.

And....from a *Guerrilla Profits* perspective, more than simply a *cashflow and costs* equation....you should always be working on coming up with alternative and creative ways to have money show-up in your business using alternative methods. That can often become the most ideal solution to a cash crisis (more on that subject in a bit).

One final thought on your business's *emergency preparedness*. Be prepared now to know the answer to the following question: "*At what point do I cut my losses....and shutter my current business?*"

Now, I realize that's a hard pill to swallow....but, it's best to have that answer way in advance.

Hopefully, you'll never get to the point where that answer is needed—but, it's best to know when you've reached your threshold. And, at that point—it's also best to have planned ahead and have a retained pool of "walk-away cash"—some capital you've kept aside to start over with.

Reining in Business Expenses

We'll now start to explore the difficult cost-cutting side of the equation—before moving over to revenue and profits-growth side. It's important to know: *What you should cut first....what you should cut last....and what you should never cut.*

So, when considering what to do when reigning in expenses, the first step would be to prioritize those things that must get paid—and then to consider where there may be areas you can quickly reduce expenses or cut-costs in ways that aren't immediately harmful to your business.

You can and should examine all costs in your business....to make sure that the expense is still warranted—or that you're getting what you need (rather than simply continuing to get and pay for what you've been getting in the past).

Some good business expense areas to consider first are: Employee-generated expenses and expense accounts (are they needed?), Sales related meetings (are they productive?), insurance, all travel, telephone, convenience services, material costs, freight &

shipping, energy usage, and anything you can identify as redundant or under-productive.

You'll also want to make sure you're keeping your credit healthy by keeping up with the items that get reported to credit bureaus (credit cards, loan payments, leases, mortgages). If you can avoid it, you should never late-pay or skip these items.

Here's often the best places to cut first:

- 1) **Non-direct response -or- non-accountable advertising** (notice I didn't say "marketing" or "sales"). If you have anything going that can't be directly attributable to a positive result or increase in your business—cut it immediately (if you have direct response marketing or sales efforts that are producing profits....it would be foolish to cut them).
- 2) **Excess inventory purchases.** Even though it may cost more per unit to buy in smaller quantities—it is often a better choice to simply bite the bullet and order more frequently to help conserve cash. Tying up money in inventory in a slowdown can be harmful.
- 3) **Convenience-related costs and services.** Often, there are some things that are provided to businesses that are mostly for convenience—such as leased office equipment, expedited delivery or courier services, water or coffee service, catered meetings, etc. Consider how these things might be able to be handled within your own business, or at lower overall cost through outside services. Seriously look at those items that often slide by as "needed" that truly aren't.

Here's some items you should cut last—or should never cut:

- 1) **Avoid slow-paying or late-paying your vendors.** If the items they supply you with are needed for your business—you'll be in a bad position if they cut you off (*see item #3, above.... but in reverse*). If needed, look into options for

re-negotiating your terms.

- 2) **Keep all utilities completely current** (electric, gas, phone). If you get into a bind—you can often call these companies and negotiate to make payments on your balance. If you get to that point—you should also examine each service provider to make sure your not paying for things you don't need (and that you're getting the best rates).
- 3) **Keep Marketing!** Often, since it's such a visible area of costs in a business—marketing in general (and advertising in particular)—becomes one of the first victims from cost-cutting. Like mentioned, if you've got something that works and costs "X"—and it brings in "X+Y" every time you run it....keep that going. Don't let a short-term cash crunch shut down the long term prospects for your entire business.

Dealing with the Hard Cost-Cutting

One of the largest and most difficult cost areas to tackle in a business during a cash crisis is with employees. Since, like mentioned, employee costs are usually one of the top expense categories in a business—it's easy to target them right away if cash is tight.

Cutting hours, shifting or expanding responsibilities so you can attempt to get more done with less staff, hiring freezes, or eliminating some people altogether are often among the first measures taken.

When employees start to see these things change for the worse....you run the risk of having good people leave because they see the "writing on the wall"—and there's been uncertainty created about the business by the owner's or manager's cost-cutting actions. But, in severe or adverse conditions, there's often no other choice but to make changes and/or let some people go.

Here are some possible employee cost-cutting actions that can be taken:

- 1) Look at each position from the perspective of,

“How much expertise, training and investment will be lost, based on that person?” (rather than simply on the importance of the position)—and, “How easy is it to get that function handled by an outside service provider?”

For example, bookkeeping is an essential function of all businesses. And, if you have a business that relies on people to handle this function in-house ask yourself, “*Could this be handled by an outside bookkeeper or CPA firm?*”

Often, it will cost less to have this outsourced than it does to employ in-house staff. Bookkeeping and accounting services are generally readily available—and easy to get handled through outside professionals.

Now, go down the list—and do the same thing for each position and corresponding employee in your business.

- 2) Eliminate any Overtime expenses which often occur during a slowdown—when you’re trying to get fewer staff to cover an erratic pattern of business. It’s often a better choice to get very good at using Temp help to fill-in as needed....and on-demand.
- 3) Aggressively re-negotiate and re-consider employee costs such as insurance, expense accounts, travel, company cars, use of company credit cards, or items that may get some spill-over to personal use—such as telephone, or meal and entertainment expenses.

Focus on the highest-cost and highest-usage items first. Avoid focusing on the trivial (such as paper clips and other incidentals)—unless they are at unexpected levels.

Revenue and Profits-Growth

Now we’ll switch over to the engine that can help you avoid going having to go through *Business Triage* (as opposed to just planning for it which you should do)...or having to get into slash-and-burn cost-cutting tactics altogether: *Growing your cashflow*.

Let’s start with areas where you can get some cashflow relief first—then we’ll switch over to areas where you can generate new cashflow activity:

1) **Extended terms and credit to customers.**

Flush out the deadbeats and others who may be having their own financial difficulties—before their problems become yours. If you’re being held hostage by a handful of clients who you rely on heavily, but who are slow-paying or late-paying you—you’ll likely wind up being the one holding the bag. If you reign in the accounts receivable and extended terms—you’ll be able to make sure it doesn’t get out of hand (and also help increase your cash position).

- 2) **Factoring your receivables.** It may be possible to “sell” your receivables to companies who do “factoring”....which is a form of commercial finance. These companies take over particular invoices, as agreed (generally from very credit-worthy customers/clients of yours)—at a discount. Then they wait to be paid the full amount of the invoices, according to the terms, over time. This gives you working capital now....while someone else waits to get paid. It’s a common practice in the clothing manufacturing business, for example, where there’s a lot of capital investment required up front to the manufacturer—but, the wholesale buyers also want extended terms so they can pay for the

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goods out of sales. But, this method can work for many other types of businesses.

3) **Recapturing lost inventory value.** Some businesses regularly have “remainders” or excess stock that needs to be dealt with. If you’re in a business that does have inventory—consider what is the actual and essential levels are to operate on for each line item—that allows you to be responsive to your customers....but doesn’t tie up your cash (we discussed biting the bullet about buying in smaller quantities, even if that means you’ll have to pay a higher per unit cost). The next step is to liberate any remainder value in sitting or slow-moving inventory. Sell it off....clear it out....and don’t look back.

4) **Alternative Financing Options.** Here’s where you’ll need to look beyond your usual options with your bank or credit cards—and consider how to be more alternative and creative. Often, you can get help from your vendors, suppliers, and other stakeholders in your business. You can try to renegotiate terms and credit arrangements that give you more breathing room.

You can look for better suppliers who can supply you more often, in smaller lots, and perhaps at even better prices than you’re paying now (remember, in a down turn—everyone is trying to solidify their customers and get more business. A key to finding the best people to approach is to ask yourself, “*Who else stands to benefit from my business success?*”

5) **Emergency Cash Options.** When things get desperate, it’s time to pull out all stops to get badly needed cash. Look at your current paid-for (or predominately paid-for)—physical assets that you may be able to use as collateral for a loan. You can often get relatively quick approval for this kind of asset-based, alternative refinancing on your specific higher-end equipment, cars, trucks, or other suitable items.

Also consider any and all family and friends who may be in a position to help you. But, come from

the perspective of a business investment....that can pay them a return on their money, just like any investment they might make (don’t just say you need the money).

Make Profits Go Up when Business is Down

When things are tight....it’s up to you to put in the extra effort to find a creative solution and work your way out of the problem.

You can’t just rely on what you’ve done in the past. More than ever....your willingness to take bold action....and to be a part of the solution for others (as well as yourself)—will be the determining factor in your success.

Relationships and personal contact with your customers/clients is more important than ever. The more you can help dispel their fears—and lower the barriers to doing business with you—the easier it will be for people to say “yes” to you.

More than ever, people especially want to save money, save time, do things easier, be encouraged, have hope, be entertained, be understood, and be given an advantage that helps ease their worries. Use every one of these in your newly crafted approach.

Start with these areas to look for ways to generate new cashflow activity:

1) **Actively Look for your Fastest Sources of New Business.** Within your business, there are things you’ve done, sales you’ve held, people you’ve contacted, events you’ve hosted, ads you’ve run, marketing and sales promotions that have worked for you before.

Start by looking at those—and determine what the top 3 options might be for you that stand a chance of working again right now. Is there something you’ve done that works best? Is there something you could do quickly? If you can’t think of something in particular....is there an example you’ve seen “out there” in the

marketplace that some other business has used—that you could model?

(Note: Revisit the Profit Report: *“The Three Easiest Alternative Ways to Get New Customers or Clients Fast”*—which you should have received as part of your subscription to The Guerrilla Profits Letter....for some specific examples).

2) **Instant cash-generation strategies.** Ask yourself, *“What could I do right now to get business?”* This is where revisiting my co-authors masterpiece book, Guerrilla Marketing can be very useful to you (if you don’t already have a copy....the revised 4th edition is now out).

Consider an instant sidewalk sale, get a banner or sign to attract people to an “unannounced” sale or special offer, do canvassing of the immediate area (or targeted businesses, if you have a service or professional practice) — with flyers, or post online to an “instant forum” such as Craigslist.org to help generate business today. Also, ask yourself, *“Who can I call?”*—and use the telephone to your immediate advantage. Nothing else works quite like simply beating the drum and bushes....and going out there to sell something to someone. Remember: Take bold action—don’t just wait for business to come to you.

3) **Joint-Venture deals: “money from nothing.”** Consider who you know....or who you might contact....who has access to your customers/clients and prospects. These gatekeepers can often be your key to a quick surge in business that you wouldn’t have gotten in any other way. For more details on conducting joint-venture deals—go to the *Guerrilla Profits* book: Chapter 6 - Strategy #6: *Profit From Other Businesses.*

Enhanced Profit Opportunities

Another way to “tweak” things slightly is to re-work your sales and marketing numbers from past efforts and promotions—to see if there are some things that were abandoned due to relatively lower response or results—but, which still had a net positive return on investment.

It may be that something was still “O.K.” and could be used....but was abandoned because something else was working better at the time.

Now that the economic climate has changed....you’ll want to use EVERY possible approach that produces a positive result. Leave no stone unturned.

Work diligently at making your advertising and marketing offers better targeted to the right prospects....and to write and use smarter messages to connect better. Segmenting your own list for contact in the same manner is essential.

Work diligently at making your advertising and marketing offers better targeted to the right prospects... and to write and use smarter messages.

Remember: Now’s the time to make every dollar you invest in your business pay you back....and be held accountable.

Here’s to completely avoiding a Cash Crisis in your business....and, to helping you generate more *Guerrilla Profits...*

To your success,



Stuart Burkow, The “King of Profits”
<http://www.kingofprofits.com>

The Next Step in the global **Guerrilla Marketing** revolution...



****FOR IMMEDIATE RELEASE****

Over a year has gone into creating the new book, *Guerrilla Profits*: It took hundreds and hundreds of hours. It cost close to \$20,000 to produce—for editing, revisions, graphics, illustrations and support. And, the first edition has just been released to the public. Just as *Guerrilla Marketing* revolutionized the way businesses conduct marketing—*Guerrilla Profits*

will revolutionize the way businesses create profits around the world.

Now you can get the new *Guerrilla Profits* book at the \$14.78 “Amazon.com” price (reg. \$18.95) **PLUS**: You’ll also get a Free “*Profits Launch Kit*” with five Free Bonuses worth \$161... For complete details, Go To: <http://www.guerrillaprofits.com/Special.html>

About the authors of the new book, **Guerrilla Profits**:



Stuart Burkow is a serial entrepreneur, marketing rainmaker—and a high-caliber business profits expert with over 35 years of direct, hands-on, “in-the-trenches” experience, starting his first business at just 14 years old.

Stuart Burkow

He has owned, built and operated successful businesses in retail, wholesale distributing, manufacturing, publishing, marketing agency and services, direct sales and mail order... and is President of Guerrilla Profits International.

Stuart has worked directly with the legends in business training, growth, motivation, and marketing such as Jay Abraham, Robert Allen, Dan Kennedy, Brian Tracy, Denis Waitley, and of course, Jay Conrad Levinson—and has joint-venture partners around the world.



Jay Conrad Levinson is the author of the best-selling marketing series in history, *Guerrilla Marketing*, & has 57 business books to his credit.

Jay Levinson

His books have sold 15 million copies worldwide. Jay’s guerrilla concepts have influenced marketing so much that today his books appear in 52 languages and are required reading in many of the top MBA programs.

Jay taught *Guerrilla Marketing* for 10 years at the extension division of the Univ. of California in Berkeley, was a practitioner of it in the United States as Sr. VP at J. Walter Thompson, and in Europe, as Creative Director of Leo Burnett Advertising. Jay has written for *Entrepreneur & Inc.* magazines, and online for Microsoft, AOL, and Fortune Small Business.

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