

# StraightTALKING



## Positive action

### Liz McKeon asks, can you recession-proof your business?

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**The downturn in the economy is a worrisome subject for salon and Spa owners, with a big concern of keeping sales up when customers cut back on spending.**

Follow these steps to recession-proof your business:

#### 1. Focus on your balance sheet

Make sure you are managing your cash flow very well. This needs to be done all the time, but it's even more critical in a recessionary environment, because there's just that much less cash floating around.

#### 2. Diversify and launch

Believe it or not, economic downturns have a benefit for business; it gives you an opportunity to step back, rethink and review all sectors of your operation. Consider launching a new product or service. Use the time to diversify, so you don't have too many eggs in one basket.

#### 3. Look at your credit and debt

Look at increasing your line of credit - in the event you need to use it. Negotiating with a bank from a position of power and good financial resources now is a lot easier to do than trying to negotiate in a deeper recessionary environment.

#### 4. Review your salon's discretionary spending items

Although small businesses tend not to overspend, recession survivors still manage to cut back on discretionary items, such as travel, operational costs, staff outings. Take whatever steps you can to reduce your debt - the less you have to pay out in an economic downturn, the less painful it will be.

#### 5. Review your customers

Start reviewing how a recession will impact on your customers. Search for alternatives. Somebody is always making money, even in a recession, so if you can find out where those pockets are and if you have services you can provide to them, maybe you can expand those services.

#### 6. Improve customer service

Now is definitely the time to take your salon's client care to a new level. Get in touch and stay in touch with your active clients. Take nothing for granted. Make sure your pricing is competitive, your service exceptional and your attitude reflects how much you value their business.

Revisit dormant clients and see what you can do to bring them back to your salon. Sometimes it takes as little as just asking; other times it can take some imagination and insight. Reattracting past clients can still be easier and less expensive than finding new business. Ask your clients for referrals; they will be happy to recommend your salon if you have a high level of customer service.

#### 7. Keep up marketing

Regardless of economic downturns, your salon / Spa cannot afford to stop marketing. If marketed properly, new products are always certain revenue generators. Determine what sets your business apart from the competition and market it like crazy. Marketing doesn't have to cost a lot - for example, attend networking events, spruce up your website, start a monthly email newsletter - be creative.

Remember your long-term picture. All business is cyclical; it is of little value to your salon / Spa to leave a recession unable to capitalise on the return of better times.

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