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Article

Recession proofing your business

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By Lynda Lawson, solicitor specialising in corporate and commercial law

Direct line 01256 854627 email llawson@phillips-law.co.uk

Economists are saying that the worst is yet to come and the papers highlight new dramas everyday. But there are some really sensible things that you can do to protect your business from the worst of the recession:

- Keep up to date with both invoicing and debt recovery – chase your debtors because the faster cash is coming into your business, the stronger your cash flow
- Consider negotiating a rent reduction with your landlord – he'd rather have a tenant who was in business than an empty building on which he was liable for hefty business rates
- Consider reducing your overheads by taking advantage of the new legislation allowing private limited companies to dispense with the appointment of a secretary
- Consider whether your terms and conditions of business could be amended to encourage prompt payment, for example:
 - Consider offering your clients a discount for prompt payment
 - Tighten up the existing payment terms
 - Introduce interest penalties for late payment
 - Require down payment/payment in full prior to delivery/commencement of work
- Keep in touch with your bankers – even if you are not able to offer them good news in the short term, they will respect you for being honest and open with them
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- Assess your overheads – are you paying a direct debit for a service you no longer receive or use? Are there better deals available on, for example, corporate mobile phones?

Lynda says: 'Managing cash effectively is the key to helping your business survive the downturn, so take a long hard look at your cashflow, your most profitable lines, your payment terms and focus on your most profitable customers.'

Call Lynda for more information at Phillips Solicitors on 01256 854627 or visit www.phillips-law.co.uk

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Pam Whittle, marketing manager, Phillips Solicitors, Town Gate, 38 London Road, Basingstoke, Hants RG21 7NY.
www.phillips-law.co.uk t. 01256 854642, f. 01256 364333 e. pwhittle@phillips-law.co.uk