

CREDIT CRUNCH - WHAT ARE YOU DOING NOW!

Submitted by: River Management LLP

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River Management Advice (<http://www.rivermanagement.co.uk>)

With the global markets having fallen and the knock down impact that poor bank business management has created, it is easy to become a rabbit frozen in a car's headlights, not knowing what to do, thinking what next, and even reassuring yourself that by doing nothing everything will work out in the end.

Of course this action might work, but if you imagine this credit crunch to be like a wave, it progressively moves from government to banks to large corporates to small businesses and lastly to individuals. The longer lasting impact of trouble at the top is always felt by those at the bottom, through the ripple effect.

If you can see things this way, then quick and dynamic action is needed at wherever you sit in this chain of events to try and protect and safeguard your position.

As the downwave penetrates through each level there are always opportunities. In order to take advantage, the first stage is to act early by analysing and monitoring your business to keep your company on track. This doesn't mean looking at historic financial data. What companies need to do is run a 9 week cashflow, generate management accounts within 10 days of a month end, and then compare these figures against budget and month end.

In doing this you will be able to identify where continuous small improvements and adjustments can be made to keep you aware and ahead of the curve.

At River Management (<http://www.rivermanagement.co.uk>) we look at hard facts, use ratios and trends that when balanced with your gut-feel, allow you to ride and take advantage of these waves.

If you do not have a minimum financial buffer of two months cash to cover your overheads right now, then we would recommend immediate action to put these financial management systems in place, either yourself or with our help.

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