

5 Small Business Tips for Preparing for a Recession

Over **80%** of small businesses are worried about a recession, according to a report by Small Business Britain.



Moreover, according to financial technology company Iwoca, **1 in 4** small businesses predict their company will shrink this year.

While economic downturns affect organisations of all sizes, small-to-medium enterprises (SMEs) may find it harder to navigate tough conditions due to limited resources. For this reason, it's vital that SMEs proactively plan for economic uncertainty.



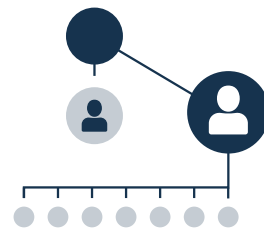
Prioritise employee retention.

Recruiting costs, on average, £6,125 per vacancy, rising to £19,000 for management roles, according to the Chartered Institute of Personnel and Development. Bolster retention by considering ways to improve employee contentment (eg flexible scheduling).



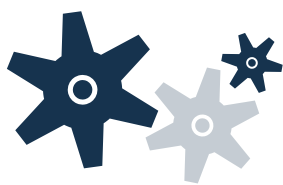
Identify top performers.

Should your business need to downsize, it's wise to be prepared. As such, evaluate talent to identify employees who have a tangible impact on business success and must be retained.



Establish communication channels.

The uncertainty of a recession could result in worried and distracted employees. For this reason, consider an internal communications audit and keep employees abreast of important company information.



Automate internal processes.

Where possible, utilise technology to automate time-consuming processes, such as payroll and billing. By eliminating manual tasks, employees can focus on business-critical work instead.



Re-evaluate compensation strategies.

Finding ways to reduce or eliminate costs while retaining employees can be challenging. Cost-reducing measures may include forgoing pay raises, reducing bonuses and re-evaluating employee compensation and benefits strategies.

A recession can have severe impacts on small businesses. Fortunately, by properly preparing for a recession and developing preventive strategies, SMEs can be better positioned to minimise the financial hardships of an economic downturn.

Contact us today for further guidance on maintaining operations amid a recession.