

Trading Through Tough Times

Presented by John J. McElhinney



JOHN MCELHINNEY & Co.

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Erratic Consumer Behaviour

- We have had 10 years of solid economic growth in Ireland
- Some businesses will NOT have seen a downturn before
- Some businesses will therefore not be proactive but will be reactive
- Some will have seen previous downturns
- but **THIS IS DIFFERENT!**



Erratic Consumer Behaviour

- Consumer behaviour NOT PREDICTABLE, as early 1990's
- Consumer wants and needs have changed
 - They are richer than before
 - There are more choices
 - Borrowing is still cheaper



Erratic Consumer Behaviour

- What does this mean?
- I think our businesses will make 3 key choices:
 - Trade down to basic services
 - Buy less often and / or
 - Look at services they pay for and decide which THEY deem of value



Erratic Consumer Behaviour

- What should we do NOW?



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Tough Times Business Checklist

1. Review budgets and set targets for 2011
2. Get rid “can’t pay/won’t pay” customers
3. Review debtors list and chase overdue invoices
4. Offer existing debtors extended payment terms and/or discounts



Tough Times Business Checklist

5. Make sure your terms of business contain explicit payment terms.
6. Assign responsibility to one individual for invoicing and collections.
7. Agree extended payment terms with all suppliers in advance.
8. If appropriate, review banking facilities and discuss future needs.



Tough Times Business Checklist

9. Put extra effort into making sure your relationships with your better customers are solid.
10. Review and flow chart the main processes in your business (e.g. Sales processing, order fulfilment, shipping etc) and challenge the need for each step.
11. Encourage team members to suggest ways to streamline and simplify processes.

Tough Times Business Checklist

12. Use “bottom up” budgeting where everyone in the office gives input on areas over which they have control – target is a 10% cost saving.
13. Review your staffing needs over the next 12 months and make weak or unnecessary individuals redundant.



Tough Times Business Checklist

14. Get your members of staff involved in a discussion of likely trading conditions and get their input on reducing costs and maintaining revenues.
15. Review your list of products and services and eliminate those that are unprofitable or not core products/services.



Tough Times Business Checklist

16. Establish your key performance indicators (KPI's) and measure them on a daily basis.
17. Review efficiency of office processes and consider alternatives such as outsourcing certain activities locally or overseas.
18. Pull everyone together and explain the firm's strategy and get their buy-in.



Q&A

- We will happily answer any questions you may have.



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Safe Trip Home!

- If you would like to know more please speak to Johnny McElhinney or call (01) 836 3388 for further information.
- Thank you for your time today and we wish you a safe trip home.

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