

Whether or not you believe we're in a recession or just headed towards one, there's no getting around the fact that we're experiencing an economic downturn. Declines in consumer confidence and decreased sales threaten all businesses, but small businesses are particularly vulnerable as they often don't have the reserves to help them weather difficult times.

How, then, can you recession-proof your business? Implementing these practices will help ensure your small business's survival and even allow it to thrive during tough economic times.

## 1. Protect your cash flow.

Cash flow is the lifeblood of your business; to keep your small business healthy, cash needs to continue flowing through. Now no matter how tough times get, having cash flow out of your business will never be a problem. As long as your business exists, you will have expenses. But the harder times get, the harder it can be to keep the cash flowing in. Recession-proof your business by implementing strategies to keep the cash flow moving.

## 2. Review your inventory management practices.

See what can be done to reduce inventory costs without sacrificing the quality of goods or inconveniencing customers. Are you ordering too many of particular items? Can an item be sourced somewhere else at a better price? Is there a drop-shipping alternative that will work for you, eliminating shipping and warehousing costs?

Just because you've always ordered something from a particular supplier or done things in a particular way doesn't mean you have to keep doing them that way - especially when those other ways may save you money.

## 3. Focus on your core competencies.

I have seen many articles on diversification as a strategy for small business success (I've even written some!). But too often small business owners simplify the concept of "diversification" to "different". Just adding other products or services to your offerings is not diversification. At best, it's a waste of time and money. Worse, it can damage your core business by taking your time and money away from what you do best and/or damaging your brand and reputation. Dropping the extras and focusing on what you do best is the most profitable way to recession-proof your business.