

A Survival Guide for Small Business

The landscape for business owners will never be the same as it was pre-2020, but that doesn't mean it has to threaten your company's existence.

It's been a very rough couple of years for small business owners, who endured the pandemic and severe disruption in our economy only to encounter spiraling inflation. How can you as a business owner adjust to things not going back to normal? Here are a few options to consider:

CONDUCT A SELF-AUDIT

In an age of inflation, it's vital to know where you're spending your money. Go through your recent bank and financial statements to identify where your money goes and areas where you can cut, such as on utilities or subscriptions that you're no longer using. Look at your real estate costs; with the trend toward remote work, you may be able to cut back on (or even eliminate) your workspace. A self-audit can also provide an opportunity to create year-to-date performance reporting and see where it fails to connect to your overall plan.

GET MORE ONLINE

We've already had one great migration to the online world, but we're going through a second, smaller one. One of the hallmarks of the new economy is working from home, which means less foot traffic for your store, and more business done online.

The solution for many businesses will be to get even more online. Any type of Goods sold in a store can probably also be sold on a website. Make sure your social media and SEO efforts are strong enough to let customers find your products. And think about new ways to sell: The consulting firm McKinsey recently released a study forecasting a brighter future in retail for what it called "eB2B," which is "portals and applications that replace the in-person sales model for small retailers and restaurants." ►

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Restaurants, for example, could consider menu and ordering apps that eliminate the need to call up or even visit the establishment to obtain a meal.

FOCUS ON YOUR PEOPLE

More than half of small business owners say they are interested in adding staff, according to a July 2022 study from the small business services firm Homebase. But in a tight labor market, that can be easier said than done. It's always cheaper to keep existing employees than to hire new ones. Retention efforts can be key here, with an eye toward not just financial compensation but work-life balance, remote work, opportunities for advancement, etc. It's also important to have a solid retirement plan in place; many employees won't expect that from a small business, so it gives you a chance to set yourself apart.

When bringing on new talent, make sure potential hires know that they would be joining a great place to work. Encourage your contented employees to speak about the company on recruiting sites and social media – that sort of thing gets around quickly. And during the interview process, treat all the candidates with respect. You want even the ones you don't hire to leave with a positive impression of the company.

EXPLORE GOVERNMENT SUPPORT

If you need capital to keep your business going, Washington wants to help you out. Last year Congress allocated \$10 billion to community development financial institutions, earmarked specifically to support businesses in underserved communities. The federal government also recently introduced an app called Grants.gov that makes it easy to search and apply for aid.

Your Baird Financial Advisor can draw on the expertise of our Business Owner Solutions group to help you thrive in these uncertain conditions. For advice on these and other strategies to grow your business, turn to Baird.

Please reach out if you or anyone you know would benefit from discussing this topic further.

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