



## MONEY MATTERS

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### Surviving in a tough environment – attention to business basics

Not one day goes by that we don't get bombarded by the media about a global crisis. If it is not the GFC, it is the Middle East erupting in violence or earth quakes right around the Pacific Rim. What is going on?

During times of uncertainty it is important to get back to basics – the kind of basics that served us well in the past.

Here are 5 suggestions on what you can do to go back to basics in your personal financial planning and in your business:

#### For your Personal Financial Planning

##### Build up an emergency savings fund

You should have at least 3-6 months' worth of cash to cover your expenses set aside in the bank.

##### Spend less/Save More

Track your spending for 3 months. Set up a budget. Yuck! Let us call it a "Spending Plan". Feed your wealth cycle, not your lifestyle cycle. Create a cash buffer to get you through uncertain times. Nothing is more powerful than having "cash" when you really need it.

##### Pay off all bad debt

Now is NOT the time to carry excessive debt. Whether it is credit cards, outstanding loans to friends or family, or whatever – get rid of them as soon as you can.

##### Consider whether refinancing your mortgage or car loan is a good thing

Interest rates are still reasonably low – speak to your mortgage broker or bank. Check to see if you can pay less interest by refinancing.

##### Check your insurance coverage

You want to know that if your household has a financial calamity, you will have protection. Do you have income protection insurance? If you were diagnosed with a dreaded disease, will your insurance policy pay you a lump sum of cash?

#### For your Business

##### Revisit Your Business Plan

Does it need modifying? Focus on what you do best.

##### Control your cash flow/ get a handle on your debts

Assess your customers – anyone struggling to pay you? Manage your debtors. You don't want to go down with them.

##### Cut your work force carefully

Your employees are your best asset. They are not always available to come back when you need them.

##### Don't sacrifice customer service

Focus on strengthening relationships with your clients and customers. This will differentiate you from your competitors.

##### Don't cut back on marketing !!!!

It's counter intuitive, but now is the time to be aggressively out there promoting yourself.

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