

How small businesses and entrepreneurs can navigate the headwinds of change



Mark Lee, President and CEO of The Lee Group.
David Girodat, Regional President, Eastern Michigan for Fifth Third Bank.

Small businesses — independent companies with fewer than 500 employees — are a massive source of employment.

According to the U.S. Small Business Association's Office of Advocacy, small businesses employed nearly 48 percent of the private U.S. workforce in 2013. According to 2012 U.S. Census figures, there were nearly 62,000 small businesses in Detroit and about 152,000 across Michigan.

Entrepreneurship helps build the middle class by giving lower-income populations a chance to prosper more quickly and exponentially than they might as someone else's employee.

Small business ownership also gives women, minorities and other underrepresented groups the opportunity to create the job they want.

Fortunately, Detroit and surrounding communities have efforts underway to support the underrepresented entrepreneurs, including the Detroit Development Fund's Entrepreneurs of Color Fund and Walsh College's Entrepreneur You forum for women.

While Detroit's entrepreneurial ecosystem continues to emerge and become more robust, there are still challenges and potential headwinds on the horizon that need to be navigated. According to various reports, the economy is poised to slow down later this year or in 2020, but it is expected to deliver above-trend growth, manufacturing jobs are back and growing domestically and the Federal Reserve's full employment mandate has not been met.

Using a baseball analogy, the U.S. economy is in the eighth inning of its expansion, with the ninth inning not far behind.

So, what does this mean for businesses? It means you need to be prepared to adjust to potential challenges.

Surviving more challenging times takes skills, perseverance and passion for long-term goals. Implementing the following practices can help ensure your business' survival and even allow it to thrive during a potential economic downturn.

- **Focus on improving cash flow:** Cash flow is the lifeblood of your business and to keep your business healthy, managing and enhancing cash flow is essential for business sustainability.
- **Eliminate unnecessary costs:** Evaluate costs and focus on identifying efficiencies, where appropriate.
- **Inventory management control:** Reduce inventory costs without sacrificing the quality of goods or inconveniencing customers. Evaluate the supply management process vendors use to gain maximum efficiencies.
- **Diversify product lines:** Economic downturns can be a good time to take the risk that makes one an entrepreneur. This may be a good time to expand your business portfolio and invest in areas that present an opportunity and look for ways to broaden the appeal of your products.
- **Offer valuable customer service:** The last thing you want during tough times is the loss of customers. Your clients are your lifeblood during an economic downturn, so you should fight to keep them.
- **Stay engaged:** There are programs and resources available to support small businesses. On May 7, there is a [Small Business Workshop](#) (presented by the Lee Group and Fifth Third Bank that will focus on providing ideas on how to navigate the headwinds of change. The Michigan Small Business Development Center and Small Business Association of Michigan also offer a variety of tools and information to new and growing small businesses.

The good news is that while ups and downs in the economy are a given, businesses small and large alike can equip themselves with the knowledge, strategies and resources needed to navigate change.