

Navigating stormy seas: What to do when your business is in turmoil



By [Catherine Wijnberg](#)

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As any business leader with a few years under their belt can testify, all organisations - be they advertising agencies, marketing agencies, retailers, NGOs, manufacturing, publications - go through challenges as part of the natural growth cycle.

These range from managing excessive growth as the result of a surge in business, to dealing with a downturn that leaves you feeling as though everything is hanging on by a thread. The measure of a good leader is one that can weather all these storms, and come out smiling and stronger at the end!

Tough times

In South Africa we have been largely shielded from the recession that is sweeping across the globe, but there is no doubt that many businesses are feeling the pinch, and a lot of entrepreneurs are beginning to feel insecure. The recent labour disputes, strikes, rising youth unemployment and growing sense of militancy add to these concerns, which can feel overwhelming to the business owner just trying to get on with it.

On the non-profit side many South African NGOs have already put out the white flag of surrender, and concern about a lack of funding support across the board has NGOs struggling to come to terms with how to manage this rapidly changing environment. It feels as if things are in flux; long-term planning and strategy are very difficult at the best of times, and nigh impossible at the moment it seems.

Look to the future

The reality is that in every situation there is opportunity. Now more than ever, leaders need to focus on what can be done and develop the strengths and the strategy needed to get ahead no matter the external factors. Right now there are those who are succeeding, and those who are struggling. Focus is needed to turn both of these positions into ones of strength.

The starting point to the future is having the information you need, knowing how to use it and maintaining the confidence to make it happen. These four simple tips can help you maintain focus:

- Get the information you need, when you need it
- Know who to turn to for help
- Build organisational sustainability

- Stay confident, be courageous

Get the information you need

Because financial performance is so integral to sustainability, one of the most important aspects of any business is to really understand where your money sits, and how well it is working. In many small organisations this information is often vague and poorly recorded, and that needs to change. In simple non-financial language the minimum every organisation should know is what is owed, what is owing, and where the cash sits.

Good cash-flow management can reduce the need for every-day finance, but a rapidly growing organisation also needs access to expansion finance, and knowing where and how to get it is important.

In a recent survey conducted by my company, Fetola, a whopping 93% of respondents (entrepreneurs and NGO leaders) said that they felt under-informed on where, when and how to access finance - a combination of both lack of access to information, and the inability to understand what is being said. This lack of knowledge is holding many small organisations back.

The internet is awash with free and paid resources that business leaders can access to educate themselves on the language of money. If you are the boss, you need at least an understanding of how money works in terms of your organisation - the buck literally stops with you!

Know whom to turn to for help

Finance for growth and sustainability is readily available in SA. Sadly, the average business owner is lost when it comes to applying for finance because firstly the language of finance - the banker's language - is not understood, and secondly the level of detail required by potential financiers is beyond the skills of most small organisations.

Most small business and NGO leaders are ill-equipped to manage the sophisticated and often onerous processes needed to prepare detailed financial applications, yet too often the 'service providers' assisting with business plans and bank applications use cut and paste that results in poor end-results. It is essential to have someone you trust on your team, who can translate banker speak into something that you understand, and help with the preparation of documents that potential financiers require.

There are also a number of private and government-aligned finance and business support organisations that can assist and advise, of varying quality. The Small Enterprise Finance Agency (SEFA) is an amalgamation of Khula Enterprise Finance, the South African Micro Finance Apex Fund (SAMAF) and small business activities previously housed within the Industrial Development Corporation (IDC) - and hopefully will prove more effective and efficient than its predecessors will.

Build organisational sustainability

It is critical for organisations to develop self-sufficiency, to reduce the reliance on external funding and build real growth. Ideally one should be able to maintain an organisation without outside finance, by generating income through activities and building reserves for development. This level of sustainability is driven by sales (or fundraising for NGOs) and is a crucial part of business success.

Beyond effective sales there is the need to create business leadership - the state of being in control of both oneself as the business leader, and the business as a whole. Leadership skills and the ability to position oneself effectively in the working environment are often what set the best apart from the rest.

While it is true that some people are 'born leaders', there are a number of tactics and actions that others can apply and assimilate in order to strengthen their leadership skills and create a happier, more effective and ultimately more successful company culture. Some online resources include www.bensimonton.com and www.businessballs.com.

Confidence and courage

All the tools, tips and capabilities are useless without the confidence and the courage to use them. While true confidence comes with knowledge and experience, finding a courage partner, mentor or like-minded business group can often be the boost that a leader needs to make bold and difficult decisions. Staying positive and informed, networking with winners and gathering the information one needs to be ahead of the game is essential to personal and organisational confidence.

Business leaders that take the time to learn, to network and to develop new skills generally have the confidence to make bold choices. Leaders with a vision should consider joining business support programmes such as the Old Mutual Legends programme that are proven to make a difference to participants - and as Tim Cohen reports in *Business Day* (27 August 2012) participation in effective business development programmes have been proven globally to significantly accelerate success.

It is true that we are navigating some stormy seas on a global scale. The recent global financial crisis is dire and analysts are warning that more is quite possibly on the way. Now more than ever, leaders need to develop and maintain their skills, surround themselves with good people and make bold and courageous decisions when the situation calls for them. Whether your organisation sinks or swims is really in your hands.

For leaders interested in developing their skills, an upcoming interactive conference for SMMEs and non-profits will be held in Johannesburg at the end of September. This practical event forms part of the Legends business development programme and will feature a number of business leaders, financing agencies and other experts in the field. For more information, [click here](#).

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