**The Three Major Considerations For Every Small To Medium Business**

Small to medium sized businesses play an important role in stabilizing our current turbulent economic climate, but the fight for survival for these businesses is tough to say the least. Depending on the type of business you run, there are any number of different considerations for to take into account if you are to give your business a fighting chance of survival. There are however, three main considerations that will form the foundation on which your business will stage a fight for its survival.

**Revenue**

It goes without saying that revenue is one of the most important considerations for any business to, and that is especially true for small to medium sized businesses. Focusing on revenue and boosting profits means that you will inevitably need to put an enormous amount of effort into marketing and the attraction of new customers.

There are certainly many effective marketing strategies available these days but there is still a fine line between getting it right and succeeding or wasting a lot of money and failing. A recent report compiled by Dun & Bradstreet showed that around 50% of US startups fail within the first five years. The main reason for these failures can be attributed to poor marketing techniques which do not drum up enough customer interest.

More customers equal more revenue for the business of course, but many marketing strategies of old are heavily geared towards bringing in new customers. While focusing on attracting new customers, companies often end up neglecting their all-important current customers.

If your current customers feel neglected then they are likely to leave and go to your rival where they feel more appreciated. These days the smart business owner pays close attention to existing customers, so that they do not lose them to the competition. This is just as important, if not more so, as finding new customers. The customer is the key to the businesses revenue and profit and therefore its survival, so should of course be given the biggest amount of attention.

**Cash Flow**

These days it is more difficult than ever for a small to medium sized business to stay afloat. The same report mentioned earlier, which was compiled by Dun & Bradstreet, showed that around 40% more businesses fail today than did five years ago. And what is the main contributor to this increase in failure? Cash flow shortage.

It’s the main topic in business startup circles these days, mainly because the financial institutions are no longer willing to easily hand over cash. It is true that the tighter lending criteria imposed by many banks and financial institutions could play a massive role in your business’s potential cash flow demise, but many previous failures can simply be put down to poor cash flow management.

What is required in these tough economic times is effective cash flow management. Extra diligence is required across all aspects of your business to ensure that money is not spent unnecessarily. Any money saved in other areas of the business can be used to effectively prop up the cash flow in the absence of bank funding.

Here are some areas where savings can often be made:

* **Stock** – minimize waste, procure the best suppliers, and minimize the cost-per-unit to deliver to the customer.
* **Debtors** – Develop an effective plan for ensuring that all monies owed to the company are paid in a timely fashion. It is quite easy to overlook a payment because the debt is owed by a favorable customer but this could, in the long run, have a serious impact on the cash flow.
* **Creditors** – More than ever these days’ creditors need to be treated favorably. It can be very difficult to find suitable creditors for your business these days so building a good relationship with those willing to support the business is certainly a good thing for long term sustainability.

**Profit**

All that effort to build revenue, find and retain customers, plus the micromanagement of your cash flow all comes down to this, profit. Growth of the business is heavily dependent on the profit it makes. It is no surprise then that these aspects are usually at the forefront of the minds of business owners.

The main aim is to squeeze the maximum profit from your business without compromising on the services or products offered. Put simply, this can be done by keeping overheads as low as possible, purchasing stock at the best wholesale prices, and selling for the best price that the market will allow while remaining competitive.

These are three very fundamental aspects that small to medium sized businesses need to focus on in order to have the best chance of survival. If more businesses can get this balance right, then the statistics for next year will be quite different.