

## 10 Strategies to help you survive the inflation rise



Australia's Treasurer Jim Chalmers warned us "Significantly higher inflation on the horizon"

SME's in Australia have struggled over the last two years during the pandemic, and are currently dealing with increasing prices of products, continuing supply chain issues, and the increased cost of wages due to the labour shortage.

Those SME's that managed to survive the last two years now need to prepare themselves for the next set of challenges.

We have collated some strategies for you to employ to help reduce costs, buy better, build more scalable platforms and prepare for the rainy days:

- 1 – Explore options with your employees to pay in more creative ways, for example consider 4 day weeks instead of 5 days, or agree payment terms better suited to your industry and employees.
- 2 – Reduce your consumption and cut costs. Audit your spend, and only use and buy what you absolutely need and is strategic to your business and its growth.
- 3 – Adjust your prices in line with inflation. This is a scary thing to do, but you are not alone. With your loyal and strategic customers you could have a strategy to apply discounts when the good times roll in.
- 4 – Speak to your accountant about any tax efficiency opportunities or financial strategies to employ at this time whilst ensuring your cashflow position.
- 5 – Hold on to your customers and employees, stay connected and listen to their needs. It costs more to acquire new customers than it does to hold on to existing customers. Also with the labour shortages it is hard to find new employees right now.

6 – Consolidate your suppliers, to create economies of scale, it is better to pay one supplier more and reap the benefits of being a bigger customer than to manage lots of suppliers for very small amounts of spend.

7 – Renegotiate your contracts to pay for only what you need and use. If you are only using your office space a few days a week then renegotiate or sub lease your space. By streamlining and some of your tasks and processes you maybe able to reduce licences, by consolidating services you maybe able to renegotiate a better price.

8 – Consolidate tools where you can find tools that can do more than one task and reduce licences. Focus on tools and platforms that are scalable and allow you to ramp up (or down) as required. The cost of change can be high so you don't want to keep changing.

9 – Build resilience, ensure you have a rainy day fund accessible when you need it, although a lot of us would have depleted this over the last couple of years. Ensure you have a disaster recovery plan, what happens when you are out of action who is in charge, what happens when the power goes out or the network is down. Identify potential risks and scenarios and mitigation plans for each.

10 – Explore new or existing services for growth. It was inspiring to see how businesses 'pivoted' in the last two years to meet the challenges brought about by the pandemic, look for needs and opportunities that have been uncovered by the current challenges.

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