

# SURVIVING THE RECESSION

Still dazed from one global crisis, all we need is the dreaded DD – double dip – that many forecasters are predicting. Tom Sime calls for Government influence to be exerted on the banking system

The last few years have been the most challenging and painful Scottish businesses have had to endure in a generation, but we're a resilient lot and I believe most will emerge from this current economic quagmire stronger and healthier than before.

We're not out of the woods yet and the spectre of a double-dip recession still looms ominously over our heads.

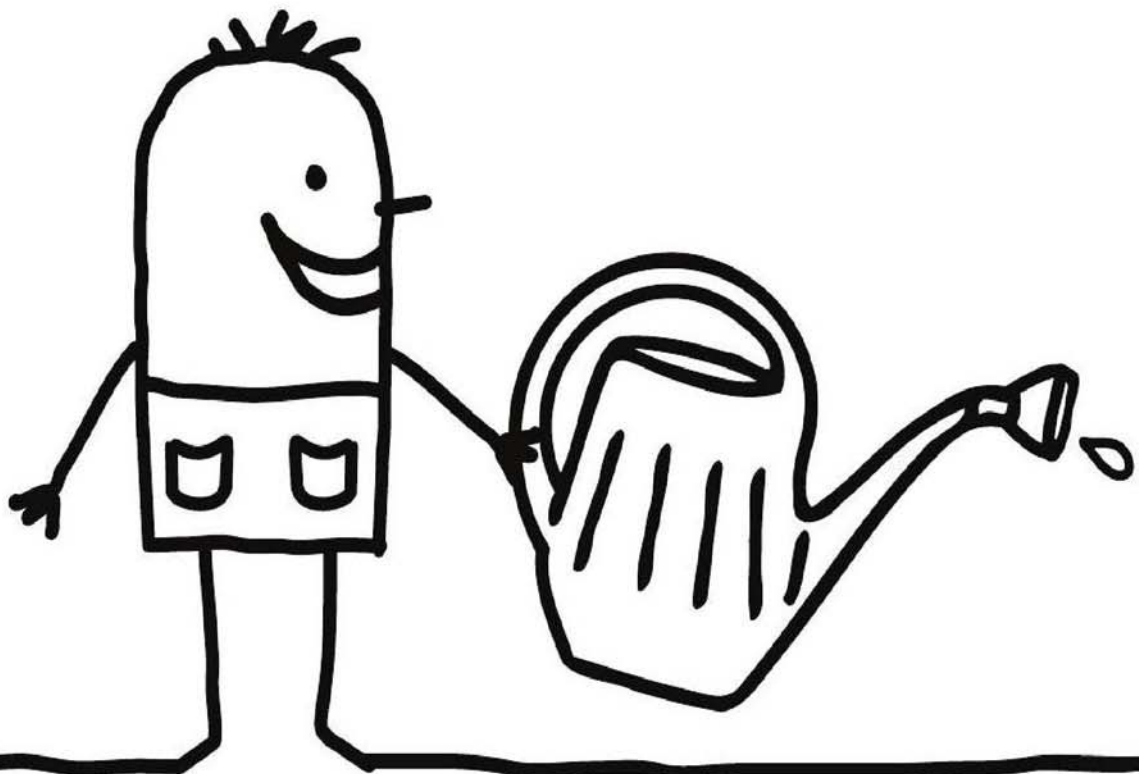
Surviving a recession requires a determined

and dogged approach. I operate in the telecoms industry and when I first launched Exchange Communications in 1990 the UK was in the middle of one of the worst recessions in modern history. I truly feared for the future of my fledgling business but, like many others, I lived to tell the tale and I managed to do so by implementing stringent policies on procurement and credit control. We would never order any telephony

equipment until we'd completed a sale, which meant we didn't have to order stock in bulk.

Surviving and operating in a recession is all about business flow and structuring, and having a tight fiscal policy played a major role in helping my company get to where it is today.

Setting up your own business brings a great sense of euphoria but that enthusiasm and desire to succeed will only get you so far.



Companies have to adapt quickly in order to survive and in today's climate, if they fail to implement effective credit control procedures then they risk grinding to a halt. Clearly there are external forces which play a major role in determining the future success of a business, and if we are to avoid a repeat of recent years there is another course of action which I believe would help accelerate economic recovery, the responsibility for which lies at the feet of Government. I've been speaking to other businesses and potential clients, and it is clear there is a willingness and desire to invest in infrastructure, such as telecommunications systems, but people simply don't have the capital to do so. The economy relies heavily on the success of SMEs, but a huge number of business start-ups and existing firms face severe cash restraints when it comes to investing in their company. I feel the Government must exert its influence and encourage the state controlled banks to start lending again. If they were to do so then I believe

companies like ours and many others would see a sharp increase in inquiries and sales. It would also help companies to equip themselves better and ensure they are in the best possible condition to tackle what lies ahead. Modern business communications systems can deliver a business advantage that start-ups and mature businesses need in this very competitive marketplace. Don't get me wrong, businesses can and should be doing more to help themselves but we all require support and it would appear that not enough is being done to support growing businesses and perhaps more worryingly, start-ups.

It has been well documented that recessions can be good times for innovative businesses but a recent study found the recession hit Scotland's low rate of business start-ups harder than the UK overall.

The Global Entrepreneurship Monitor 2009 placed Scotland among the

lowest ranking developed countries from a list of 20, ahead only of Belgium and Japan. The University of Strathclyde report also suggested the effect of the global recession on Scotland is worse than for the UK as a whole, and other comparable small nations. I think this is a trend that can be reversed and if the banks start lending again, then I believe it will happen quickly. Providing access to funding is vital for business creation and for inspiring confidence in people wishing to go it alone. ■

Tom Sime is the managing director of Exchange Communications.

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