

# Are You Worried About Inflation?



For the past two years or so, it feels as if economists have been avoiding the words *recession* and *inflation*. No one wants to hear those terms. They've been pointing to economic equations and data to show we're not "technically" in a recession because unemployment is low or the inflation rate is lower than it was this time last year.

But if you're feeling the pinch in your business, an economic turn of words means little to you.

So, what can you do to combat this word no one wants to talk about?

## Surviving a Difficult Economy (even if you don't want to use the "I" word)

To address inflation, which is the [top concern for small businesses today](#), here are some strategies you can implement:

- 1. Raise prices strategically** - Many small businesses have had to increase their prices to offset rising costs from inflation. This choice is always one to be done judiciously by analyzing expenses, profit margins, and what the market can bear. If you're a small business, raising prices is never easy. But if you can find a way to provide more value in

your product or service, it can be more palatable to the customer. For instance, adding in a free event invitation or incentive that costs you a minimal amount may make customers feel that while they're being charged more, they're also getting more.

2. **Cut expenses** - Review all expenses and cut any unnecessary costs. Renegotiate contracts with vendors, reduce inventory, and streamline operations to trim overhead.
3. **Seek additional financing** - Inflation has forced many small businesses to take on additional debt or financing to maintain cash flow. Options include small business loans, lines of credit, or alternative lending sources. Check with your local area too as there may be grants available for façade improvements, hiring, or other specific needs you may have. If you are a service provider, you may also be able to restructure your billing practices to improve cash flow. For instance, charging for part of the services up front or twice a month instead of monthly can lessen the time between payments.
4. **Adjust inventory management** - With costs rising, small businesses need to carefully manage inventory levels to avoid tying up too much capital in unsold goods. Just-in-time inventory and drop-shipping can help.
5. **Increase productivity and efficiency** - Look for ways to produce more output with the same or fewer inputs through process improvements, automation, and optimizing the workforce. AI may provide some cost saving solutions by increasing your efficiency or allowing you to do more (and thus bill more).
6. **Diversify product/service offerings** - Expanding into new areas that are less impacted by inflation can help offset losses in other segments of the business. You may have expansion opportunities with complementary services or goods that you can sell to your loyal audience. For instance, a trainer may also carry a line of supplements they believe in.
7. **Connect with like-minded people** – As much as your friends and family may be well-meaning as they listen to your concerns over business, unless they are business owners themselves, they may not fully understand or have solutions for you. Surrounding yourself with other business owners and getting insights into how they've been impacted and are surviving can give you a big boost in morale and much-needed

hope. Joining the chamber or making it a point to attend their education and networking events can give you greater insights into how you might weather the storm.

The chamber is also often very knowledgeable about funding and grant opportunities as well as things that are working for other businesses in your area.

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