

Riding the Storm

Lots of people talk about taking advantage of the recession to build the business, but what do they mean? In this article I want to explore what that might mean for you, based on the real-life experiences of some of the business owners on our programme.

There are not that many people doing better this year than last. One member commented that the only reason he felt good about being only 10% down on last year was because in the previous 3 months he had been 20% down.

There are some important things to remember: the recession is temporary. It will pass, though none of us know when, and it will be a gradual process. Second, it's not your fault. You can do something about it, but don't beat yourself up. You're not responsible for the recession (unless you happen to be a Wall Street banker specialising in sub-prime mortgages)! Third, it is only business. It's not your whole life, even though it's an important part of it. We feel stressed because we're comparing our current situation to something that existed in the past. Part of the stress is grief that it doesn't exist anymore, and part of it is an unwillingness to accept reality as it is. I thoroughly recommend a little book called "Who Moved My Cheese". I've read it 3 times. Each occasion was at a point where I had to deal with loss and stress, and each time it helped me let go of my attachment to the past and adapt to the way things were.

The main point here is that feeling bad about the state of your business is counter productive. Accepting that things are going to be a little slower in a downturn is not the same as giving in to defeatism; it's simply accepting reality rather than resisting it.

Once you've accepted that the world has changed, you can set about adapting to it. The people who are doing better than their competitors decided some time ago that the recession created opportunities and started making changes in their business to take advantage of those opportunities.

For example, one of our members is about 20% up on last year, while most of her competitors are 20% down. What she did was take a hard look at her process for pricing work she was invited to tender on. There were a few basics she focused on – working with the customer to confirm specifications, delivering the quote in person and delivering it ahead of time. All of these spoke of her professionalism. She also dug deep into how she built up her costings, and found that she was able to be more aggressive without sacrificing margin. She then got out and talked to clients and prospects about her new positioning as a value for money supplier, and developed a strategic alliance which gave her significant leverage. She has since hired 4 more staff from competitors who were struggling, which has enabled her to do more work with greater efficiency.

A number of our members have responded to the pressure by adding resources to their sales team. For some, this has enabled them to continue at much the same level as last year, but with less profitability because of the additional cost. For others, the additional revenue achieved has not offset the loss of business, but they have reason to be positive because they are getting significant levels of business from new customers.



The important thing is how these business owners choose to look at this: they could look at the total sales and feel disappointed that they're not achieving what they got last year. But instead they choose to see it as building market share, developing relationships now that will boost their business when the recession ends.

Other members have worked out how their customers have changed their preferences. People still want what they sell, but instead of wanting full features (or at least, being prepared to pay for full features), they now want value for money. Smart businesses have repositioned their products and services so they retain the essence of the value offer but with fewer features, which enables them to emphasise value. They've then marketed it aggressively, comforted by the knowledge that their competitors have cut their marketing budget to save money (and effectively disappeared from the market).

When you think about how you can ride the storm, remember that market downturns are when good companies become great. Here's what they do:

- Reduce expenditure that doesn't generate business
- Re-allocate expenditure to aggressive marketing of products and services which are well aligned with the value needs of their market
- Strengthen their sales effort
- Use downtime to upskill staff
- Use the pressure of the downturn as a catalyst for internal change and improvement

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