

How to weather the recession and be ready for the upturn

By Jenni Murphy-Scanlon

As the winter chill and early frosts begin in the Southern Hemisphere, it occurs to me that nature does not panic over changes in the seasonal cycles, the way we do over economic cycles. Trees, plants and animals detect early the beginning of change and respond to it. In each season they prepare for the next.

What can we learn about how we could respond to the equally predictable seasons, albeit more erratic in timing, of the economic cycle? I will assume for the purposes of this article that a recession is the winter of the economic cycle, and a boom is the summer. I believe that right now we are probably in the early winter of the economic cycle, which aligns nicely with the Southern Hemisphere, who are literally in early winter. So what should we be doing?

Shed unprofitable activities and re-align resources

As the weather gets colder, the deciduous trees allow their leaves to wither and fall. They shed that part of themselves that is not essential to survival so that in the lean winter they do not have to use unnecessary resources. They certainly do not shed branches deliberately, nor do they shrink their trunks. In business we too can take a good look at our activities and determine those products, services or processes that may be nice to have, but are not adding value to our strategy or our bottom line. Whether you are managing a business, or a division of an organisation, it may be a good time to shed these activities and use those resources, including people, to bolster the more profitable and strategically aligned parts of your business. Under no circumstances should you reduce the essential parts of your business, otherwise in Spring (when we are coming out of the recession) you will struggle to take advantage of the warmer weather.

Seek to survive and thrive

When the cold weather starts to appear both butterflies and birds prepare to travel to warmer climes. In our business we too can be looking further afield to maintain and grow our businesses in lean times. Are there untapped markets that would benefit from your products and services? Do you sell locally only, and if so, is there a way you could package your offering to sell globally? Technology allows services and products to be sold anywhere as long as distribution can be sorted. I purchase much of my daughter's dance gear from America via a website. I also purchase business items and coaching from places as far as the Netherlands and Ireland via the web and other communications technology. Few businesses are now truly limited to a local market. What about other niches? Ask your staff about networks they belong to that might provide a different niche. Do you have immigrant workers that have networks into other countries and understand the markets and needs? Could you adapt your product or service to a different niche? What about your product and service range? Are customers asking for something else that you could supply? Do your customers shop elsewhere for products and services that you could offer? Are your staff referring your customers on? Why not provide that yourself? Have a brainstorm session with your staff to find out about the conversations they have with customers about products and services. Get them to record any requests your business or division cannot supply. Selling more, or more often, to existing customers is a relatively easy and cost-effective way to increase sales.



Store up while you can and make improvements

Some Northern Hemisphere animals hibernate over the winter. They eat up large while the food is plentiful and then sleep through the tough times, awakening again in Spring. Others work hard over the summer to gather extra food to have in store over the winter. This work continues into autumn until resources are lean. If we have not taken advantage of the boom to reduce debt, build a solid reputation, enlarge our client base and extend our markets it is not too late. Review your debt levels with your accountant or bank manager now and minimise where you can. If you haven't been keeping some of your profits aside for lean times, do what you can now. Many businesses have not felt the recession yet, so there is still time to do this. Businesses that start laying off staff at the first downturn fail to build loyalty amongst remaining staff and can destroy employer branding in the marketplace. It is essential that your organisation can weather the winter, hopefully cruising through on your good planning during boom times, if you want your people committed to your success when Spring arrives, rather than looking for a new job. Make sure you are really looking after your key customers now too, not only with excellent customer service but the whole customer experience. Work with your people to make sure they understand excellent customer service. I am often stunned by the cavalier way in which I am treated by some businesses and more than one has lost a sale and repeat visits. Ensure all your people have a clear line of sight from their role to the customer, and to your strategy. Audit your customer processes (physical and electronic) to make improvements that put you ahead of the competition.

Prepare for the boom

I always know Spring has arrived by the daffodils that suddenly appear with their bright yellow display. In reality, they have not appeared as suddenly as I think. The bulbs planted in autumn have been busy underground during the winter, and growing slowly as the warmer temperatures arrive. The trees too appear to suddenly leaf. The tiny shoots on the ends of the branches are too small for me to notice in my busy day, but they are there nonetheless, long before the leaves are visible. During the recession, we too should be germinating new bulbs that can take advantage of the warmer Spring weather - as an upturn occurs in the economy. A recession is a good time to use your people to carry out research (product and customer) and begin developing those products or services your market needs so that you are ready to offer them as your customers are ready to spend again.



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