

# Survival in a Tough Economy

The economy may be hurting your business, but there are steps you can take to make sure that the damage isn't permanent.

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**B**usinesses have reacted to the economic slowdown with budget cuts, acquisitions, downsizing, restructuring, running a “tighter ship” and whatever else they have had to do to survive. Through it all, competitive pricing has become fierce. Many organizations have done a good job of maintaining substantial market share, but at the price of profitability. Their new direction is toward profit in hope of not losing critical market share in the process.

Organizations are seeking answers to some hard questions: What more can we do besides tightening controls for dollars spent? What should we do during this downturn? How can we survive? What can we do to maintain morale?

## What to Do

If you want to increase your ability to remain competitive and end up a winner down the long road ahead, your infrastructure must be efficient, your people must be involved and your operations must run like a well-oiled machine. This is easier said than done, but this is the ideal climate for creating, strategizing and making the smart decisions

that you need to make to help you stay in the game and achieve business growth. Below are 10 action steps you can take now to help breed long-term profitability.

### *Run a Tighter Ship*

Improve operating income through cost-reduction. Look at everything that you're doing and everything that you're not doing. Find every way to cut costs as long as it will not forsake quality.

Move as much of your work away from paper as possible. With an electronic system, the costs of paper and sending information via FedEx are cut, and these savings can be enormous.

Consider switching suppliers — phone service, accountants, etc. — if you can receive the same quality at a lower cost.

Save on power and energy. Unless safety is an issue, keep the lights off whenever possible. Keep the air conditioning on as low as possible and use fans to keep air circulated.

Keep supplies to a minimum. Ask employees to respect company property and do all that they can to avoid waste.

Need to downsize? Try to cut hours

rather than jobs. Let people know that you are doing everything you can to help them keep their job. If you must lay off, do what you can to show good faith.

### *Hone Your Skills*

In this tough economy, many are taking courses on running a profitable business and honing their skills — especially sales skills. Increase your technology skills. Learn more about financing, how it works and what might be available to you.

### *Go Back to Basics*

Go back to doing those things that gave you success in the start-up days of your business. Strive to build strong relationships with customers and increase your visibility in industry. Make more physical calls on new and existing customers. Work harder than others.

### *Confront the Under-Performers*

Under-performers and negativity in the workplace cannot be tolerated today. Confront them and tactfully explain how their attitude and performance is affecting others in a negative way. Ask what you can do to help, then watch for improvements. If you do not see any, you must confront them a second time. If you must confront them a third time, then you must inform them that if their performance does not improve, you will have to take stronger measures. You must not ignore people who do not help support your efforts to succeed.

### *Make Executive Decisions and Communicate*

Go to a quiet place during non-working hours when your mind is most clear. Take a good hard look at the company with the eye of an outsider. Evaluate the current position of the company. Identify your strengths, weaknesses, problems and opportunities. Make decisions on what action you will take. Rethink your entire business strategy. Can you partner with an

engineering firm? Should you consider a merger? Can you partner with another business and conduct marketing surveys to learn what manufacturers are making parts in this country? Where can you form strategic alliances?

Communicate to your people where the company is headed and the necessity of any decisions and changes that have been made. Discuss your goals and desired direction to every level of the company so that everyone in your organization understands your vision of where the company is going and why.

Be open and direct, and encourage everyone to do the same. Being straightforward and open helps build trust between yourself and your people and encourages their participation in doing their part to help you achieve your goals.

Communicate what you know and, as uncomfortable as it sounds, communicate what you don't know about the future. If you fail to address any difficult questions — questions your people have likely been asking each other — it will not make the issues go away. Be open and honest — they'll respect you for it. Also, consider developing a concurrent communication strategy.

### *Leadership and Employee Involvement*

You cannot give people motivation — they either have it or they don't — but now, more than ever, you need them to show initiative beyond their job description. Activate and inspire them from within. The key is to make people feel that they're working with you, not for you.

Make your people feel that they are a strong part of the organization. Emphasize the importance of the role they play in the overall success of the company. Make them feel that they are working with you by being a role model and setting the example for others to follow.

Show people that you care by asking how they are doing. Listen and encourage cooperation and honesty. Ask what you can do to help them. Encourage upward feedback from everyone regarding attitudes, concerns, issues and frustrations that are related to what is occurring.

### *Innovation*

Companies today need an uninterrupted flow of ideas, abilities and commitment. Too many companies are guilty of underutilizing the ideas and suggestions of their people during tough times, because the leaders are so consumed with the bottom line that they fail to involve their

employees and take full advantage of their knowledge and experience. Now is the time to involve your people in your survival tactics and challenge them to become more creative.

Seek to discover where you might have an opportunity to do something for your customers that has not been done, and therefore, to differentiate your company from the competition. If what you sell or offer is not much different than what your competitors sell or offer, you need to come up with a different twist. Involve your people in this process — having a creative edge gives you a competitive edge.

### *Inspire Sales*

Gather your sales troops and communicate the following — it's all here for you to modify and present.

"We cannot use the economy as an excuse to slow down our sales efforts. A 'things are tough out there' mentality will never take us where we want to go. Here's what will help us come out as winners: Going back to basics — what in the long run will give us results. That means working harder than our competitors, staying on the phones, making more calls and improving the quality of the calls that are made. It means increasing visibility with our customers and using our time more effectively by making sure the majority of it is spent on customer contact.

"Now is the time to see just how creative and resourceful we can be. Don't forget to prospect on inactive accounts to see where we might revive a relationship and obtain new business from them. Check over future orders for those who have the potential to place now.

"Show our customers we care about them by internalizing their goals as our own. If we do, it will come through loud and clear that we do care about their success. When they are ready to order, it will be from our company and not our competitors. Ask how we can be of service to them.

"Tune up your mind to win each day and forge ahead like a racehorse wearing blinders who doesn't have a clue about what's happening on the sides. In the long race to the finish line of the down economy, we'll come out as winners."

### *Emphasize Quality*

There was a time in business when quality was thought of in terms of the final product. This is still true to some extent, but today's demanding customers look for quality in all aspects of the business process — from

conception to how it gets to their doorstep. Most important, they look for quality in how it's serviced after the purchase. In a tough economy, you cannot afford to lose a single customer regardless of how big or small they may be. You need to outshine your competitors in every conceivable way.

### *Establish Customer Service Excellence and Customer Loyalty*

Your people can be your ambassadors or your assassins. Your people need to consistently display behaviors that do more than satisfy customers, they must exceed their expectations at all times.

Every person who works for your company is a salesperson, even if they aren't responsible for selling the initial product or service to the customer. Customers are constantly evaluating your company and whether or not they will want to do business with you. Anytime they have contact with anyone in your company for any reason, it is imperative that every person demonstrates care and concern.

Everything that your people say and do has an effect on whether your company will be able to compete and win during a tough economy. If they don't say and do the right things, they can destroy the reputation of your company as well as the relationship you have begun to build.

Everyone must understand the importance of customer service. Be sure to create guiding principles for your company that require people to uphold core values of honesty, professionalism, ethics, integrity and caring. Then it's up to you to be sure that your people continually exhibit these values and that you exhibit them yourself.

### **Survival Tips**

- Leverage vendor expertise.
- Write to your Congressman about more help for manufacturers.
- Conduct market research to learn which industries are manufacturing here and target those industries.
- Use the Internet to get business. There are websites devoted to various industries that allow bidding on jobs.
- Stay informed with what is occurring globally.

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