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# Ten Ways To Survive The Downturn

*Business survival during challenging times requires some tough decision-making and the willingness to change. Real leadership is required. In this article I present 10 ways to survive the economic downturn – and how to get poll position when confidence returns.*

## 1. Focus On Cash Flow

The survival of your business over the next 12 to 18 months will be directly determined by how well you manage working capital (cash flow). If you are not currently performing some type of cash flow modelling to predict future cash positions – then you should be.

To improve your cash flow, focus energy on reducing inventory, pushing out payables and collecting what is owed as soon as possible.

## 2. Step-up Your Marketing

As reported in my last article, survivors of the last downturn had a common characteristic in that they kept advertising and marketing through the bad times. Increasing your company's marketing and advertising budget at a time when rivals are slashing theirs is a perfect way to make a jump on your competitors.

Media companies are predicting falls in advertising expenditure of between 2.4 per cent and 6.3 per cent across all media in 2009. This means your marketing dollar is likely to be more effective as it is a less cluttered environment for advertising.

Now is also the time to leverage and innovate around your database.

## 3. Increase Customer Intimacy

Customers change their behaviour in a recession. They are less loyal and actively

look for less expensive options or better value. Your challenge is to increase customer intimacy. Relationships should be less transactional. Invest in personal relationships and vary the way you keep in contact.

## 4. Seek Help

You don't need to go through the downturn on your own. There is no better time to surround your self with specialist advisors and experienced mentors. Accountants and Business Consultants can provide invaluable guidance through these tough times. Consider establishing an Advisory Board for your business containing various functional specialists. You will feel more in control and grow in confidence.

## 5. Re-focus

In times of uncertainty it is critical that you re-focus your business. Look for the opportunities that are created in times like these. Review your business plan and ensure that it reflects any change in market dynamics. Do you need to redefine your target market? Has the behaviour of suppliers, competitors and customers changed? Plans should reflect new spending patterns.

## 6. Stay Lean

It goes without saying that during a downturn it is prudent to stay lean. Start by reviewing your cost structure based on your forecast revenue for the next 18 months to 2 years. The challenge is to preserve or improve profitability. What costs do you need to strip out to remain profitable each month? What are your major costs and how can you reduce them?

## 7. Focus On Sales

It is critical to communicate to everyone in your team how important it is that everyone

plays a sales role. Increase accountability, change the way you monitor performance. Focus on building trust, human contact, and leveraging personal relationships. Networking is more important than ever.

## 8. Retain Talent

Attracting and retaining top talent is critical in a downturn. If you are forced to downsize your team, it is important to know what staff to retain. Identify the skills and attributes of your most talented staff so you can recruit more people like them.

## 9. Right Attitude And Be Positive

It is important to remain positive. Your employees, customers and suppliers will gain confidence and your business will benefit as a result.

## 10. Be Ready

During periods of economic turmoil opportunities do present themselves. It is expected that there will be rationalisation within industry segments providing opportunities for those ready to act. **G**

If you would like some help surviving the downturn, contact the IIBE NOW to organise a FREE consultation. Remember at the IIBE, "we make your business work for you".

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