

**Business Bullet ~**  
**A Recession is a Terrible Thing to Waste**  
**How to survive in a crisis economy.**

There is so much bad news that we are inundated with daily that it would be easy to become depressed and discouraged. The economic recession is no joke. It is real and pervasive, but it does NOT need to become all consuming.

You've read all of the statistics, seen all of the analytical charts, I don't need to remind you of them. Many economists feel that we won't really see any growth until the fourth quarter of 2009, then a steady (but slow) increase in growth in 2010. What we need to talk about here is "How can you take this current situation and make it work for you so that you can survive in business?"

First, realize that the economy NATURALLY experiences a boom and bust pattern called the 'business cycle'. Today's case may be a bit extreme, but our history tells us that we have survived recessionary cycles before. A recession can be characterized as a situation where total spending in the economy (aggregate demand) is too low to match the economy's potential output (aggregate supply). As a result, some of the economy's labor and capital resources lay idle, causing unemployment and a low capacity utilization rate. According to the National Bureau of Economic Research, the official arbiter of the business cycle in the U.S., the economy has been in recession since December of 2007 (not 2008)! The NBER defines a recession as a 'significant decline in economic activity spread across the economy, lasting more than a few months, based on various economic indicators, with an emphasis on trends in employment and income.'

The current economic crisis and credit crunch doesn't have to mean significantly lower sales or lower business for you. Let's break this up into two categories: First ~ **How do you look for business?** Then ~ **How do you cut costs?**

**How do you look for business?**

Think of an investigative reporter. Dig into several things that revolve around cost and market opportunity.

- 1) What you know and what you bring to your business. In other words, another buzz word, your sales proposition or your value proposition. What do you bring to the table to help your customers?
- 2) Who ARE your customers? Define them, prioritize them Tighten up your prospecting. Get closer to your customers.
- 3) Which customers can you approach with minimum cost to you that show the most potential? Those are your first priority. Which customers can you grasp quickly and begin pulling in business? Go after those first. They should be the first ones on your priority list. You already have some customers that you have built relationships with, strengthen those relationships, offer your help to them. How has their buying process changed? What new challenges are they facing? What needs must your customers have satisfied now as opposed to later? Don't know? Ask them! Refine your questioning skills and learn to ask those tough questions. I guarantee that they will welcome the ability to talk about their challenges, and you will learn how you may fit into their solutions. Right now. Remember to focus on them, they don't want to hear about you, their plate is overflowing with challenges, they don't need to add yours to theirs.

Now that you understand the opportunities as a result of your investigation, the next step is to devise a plan. Keep in mind that those customers have challenges in these trying times too. Offer them some solutions to help them. Perhaps they need to outsource to you in a seamless manner, where you become a transparent vendor. Hey, if it brings business to you, do it. Just make sure to stay within your target markets, don't just reach out for business for the sake of getting business. Stay defined. Stay refined. Stay true to yourself and your business.

- 4) How do you market yourself? How can you become more visible? Resist the temptation to crawl into a cave and hide until the economy recovers. Your customers will forget about you, and your business will die.
  - Prospect online. Send emails to those you have met, ask them how they are doing in these challenging times. Offer to give them help, ask them what you can do to help them. Ask them if they need referrals from you? Reaching out to others can bring you business through them.
  - You can also increase your visibility by writing articles for industry trade magazines, speaking at industry conferences, speaking at those networking events, and volunteering at your association's events. Your prospects may not have the money to make a buying decision right now, but when you increase your visibility you may just give them a reason to buy from you versus a competitor.

- Make use of your 'endless shelf space'. Back in 1994, an absolutely giddy marketing consultant proclaimed, "The Internet is bringing us endless shelf space!" Good example, on eBay the massive online marketplace sells over \$2,000 in goods every second! So, make use of the web, whether you are a retailer, wholesaler, manufacturer, etc. If you ARE a retailer, give your e-shoppers incentives, such as free shipping. Over 40% of e-shoppers will pass on completing their orders due to shipping costs. Swallow those costs to make the sale.

- Instead of doing your sales face to face, take advantage of conference calls and web conferencing. As they say, "Drive to the Web instead of the client's office."

- Take advantage of opportunities that may exist BECAUSE OF the economic climate. Talk to your office landlord about renegotiating a lower rate for a longer time frame. And keep in mind that there are now available professional staff out there job hunting. Hire the level of staff that may not have been available at the height of prosperity.

The good news is that the capacity of the United States and world economies to produce goods and services is exactly the same as it was before this financial crisis. But, anyone who says the economy is not a challenge right now is totally in denial. Regardless of how bad the economy may seem, people still buy and sell. People still have needs to fill and businesses have products and services that meet those needs. When the economy goes south, however, there is mass fear and concern, and the perception is that the entire world may completely cease to function. That is patently untrue. Even in the Great Depression of the 1930s, the world continued to function and 75% of Americans had work and jobs. Some people actually became wealthy during the Great Depression because they were able to identify opportunity and capture it. One of the great examples of success during the Great Depression is the motion picture industry. People were so distressed and fearful about their economic condition they needed emotional relief and a means to escape. The movies provided that relief, no matter how brief and temporary. The movie industry identified need and opportunity and filled it at a price people were able to pay. Opportunity always exists, even though it may be harder to recognize it in tough times because it takes a different form. In bad times, opportunity comes by abandoning things that no longer work and finding new things that will work, based on new needs. Recession itself is a great opportunity for those who choose to see it that way. It's just that opportunities may look different and they might require us to leave our comfort zones. Comfort zones are called comfort zones because they are comfortable! The only thing required to remain in a comfort zone is to close yourself off to new ideas and refuse to change.

Now we are down to the real stress that a bad economy produces, the stress of change and the need to leave our comfort zones. Sometimes that means taking a new road. Sometimes taking new roads lead you in a completely different direction than you had originally intended, with favorable consequences. Here's a great example: In 1927, a young married couple started a hot dog and root beer stand called The Hot Shoppe. They had many years of success but they saw greater opportunity along the new highways being built across America. They opened a motor lodge for travelers to sleep overnight. That venture helped J. Willard and Alice Marriott build one of the greatest hotel chains in the U.S. In 2007, the Marriott Corporation was handling over 50,000 reservations a day!

If you see something that needs to be done and you have the opportunity to do it, don't let someone else seize the opportunity. Be bold and step up to the task. If you are the first person to see that something needs to be done, you are probably the best person to do it. That is the action you need to take when you identify opportunity.

So, how do you survive a recession? First, you embrace a mindset that relentlessly pursues new opportunity. Don't close yourself off to new ideas and change and become an expert on what people need and want. In a recession, people may want some things that are different and someone will have to fill those needs. Second, investigate and read. There are lots of books, magazines and other publications out there that may expose new needs that your business or YOU might be able to meet. You will probably discover that people still want your product or service, but just need to see it differently.

Finally, you must be able to articulate a powerful value proposition that will resonate with the needs of your customers and potential customers. Talk to them. Understanding their deepest needs is the key to understanding the value of what you have to offer. Discover their problems and concerns and you will discover your opportunities!

Leverage your business reputation and contacts. Now is the time to increase your networking activities – make sure that you network at the appropriate events. Optimize contact strategies across multiple channels, not just the obvious ones to your defined markets. We all know others in different business channels, spread the word that you are 'looking to expand your business,' and ask for referrals. Perhaps manufacturers are not one of your targets, but they know others that ARE in your targeted industries.

### **How do you cut costs?**

In extraordinary times like these, the natural tendency is to just hunker down, do the work, cut back on expenses and try not to lose the business you have. That's stopping your boat! It will bury you! OK, so you DO need to cut some costs, so I

will address that here. Because obviously, that is a part of doing business, tightening your costs. OR looking for ways to do business differently. Let's take a few minutes to do that.

Cost cutting the right way will prepare you for when the recession turns around, and remember that it will. The wrong cuts will delay a comeback when the economy turns around and demand rises. Some layoffs may be unavoidable, but try to keep the workers needed to rebound quickly. And look for cuts you can restore rapidly. Here's what I hear many businesses are doing:

- ~ Reopen contracts and dicker over the cost of everything from ads to trash collection. One business got its bank to lower fees by 15%. Another was able to slash its phone bills. You will be surprised how the economy is affecting every business, and generally they will be willing to deal.
- ~ Pare down your benefits. Suspend 401k matches, raise health insurance premiums, deductibles and copays, surcharge for spouses and big families, cut back on transportation.
- ~ Downscale or end employee perks. Brown bag lunches instead of ordering in. No more uniforms or gym memberships
- ~ Watch energy use. Turn down thermostats, turn off computers and lights at night, install more efficient lighting, consider a free energy audit to help trim power consumption.
- ~ Bartering. Now, this is something I used to do in business 30 years ago and am now occasionally doing now. Swap goods and services with customers and your service providers.
- ~ Smart cut backs, such as consolidating office space and ordering supplies only as needed. Repair equipment rather than replace.
- ~ In-source or out-source. Do jobs previously farmed out if you have the staff to do it. If you have downsized, find an out source provider that will do the same quality, but cut the cost.
- ~ Sales force – shift to commission only and reduce draws.
- ~ Take advantage of e-commerce and go paperless when you can. Pay bills electronically, use electronic files (and be sure to backup).

There are some areas where you shouldn't cut back, such as liability insurance or maintenance work needed for safety. Concentrate on keeping customer service high, so you don't lose valuable customer loyalty. You can't replace that.

Change your thinking, think of failures and rejections as detours, not dead end streets. Don't expect instantaneous results, have faith in your dedication, determination and yourself. Life after downsizing can become even more joyful and creative than before. This is an opportunity to do something perhaps that you are destined for.

Do it on purpose! "Give value, do more than is expected." In today's challenging environment, you need to step up and do more than ever before. It is rare for anyone to exceed expectations unless you do it on purpose. To exceed expectations on purpose means that you have an understanding of expected performance, and you realize that expected performance is in no way extraordinary. It becomes tougher when you realize that exceeding expectations requires more effort to surpass 'acceptable performance'. You need to enhance your value, do something that exceeds expectations. That will then empower your managers or other employees to exceed their expectations. And you will have that extra value proposition that will become a necessity, and your business will become more stable.

I have so much more to share with you about being proactive to make the recession actually work for you. And there are things you can do if you have lost your business or your job. Come and join me on my monthly web seminar. There is a link on my website at <http://maredayt.homestead.com>.

