

Marketing Minute ~
Words of Wisdom on Opportunities in a Recession
From Dr. Fred McKinney

The current economic crisis and credit crunch doesn't have to mean significantly lower sales or lower business for you, instead it can serve as an opportunity to engage current customers and attract new customers through additional channels, such as the internet and direct contact. The effects of rising gas prices had extended far beyond the oil and travel industries; restaurants, retail stores and even major coffee houses around the nation experienced a decline in sales as consumers were forced to cut spending and reduce driving. While this can become a detriment to your business, from the brick and mortar point of view, it means that companies with both online and offline sales channels can use the current economic situation as a motivation for expanding and enhancing their marketing. This opportunity offers a new way of looking at how you do your marketing. Online marketing speaks for itself, you can use it to increase your reach with add-ons such as e-newsletters, like this one, e-blasts to let companies & consumers you do business with that you are alive and well, as well as taking a moment to look at your website and making sure it says what you need it to say about you and your business. Offline, you may have to take a different approach, such as "trolling for additional business." So get ready to roll up your sleeves for sustaining your business.

Let's hear what Dr. Fred McKinney, President of the Connecticut Minority Supplier Development Council (CMSDC), has to say about looking for business opportunities during a recession:

"The dictionary defines trolling as fishing by trailing a baited lure from a moving boat. Trolling for opportunities is something business leaders need to become very adept at during a recession. One thing we know about recessions is that contrary to popular belief, the pace of change quickens, and therefore staying put can be a hazardous strategy. The other thing we know is that during a recession, large businesses are more likely to spin off operations, sell less profitable divisions, and have needs that were previously taken care of internally. These two factors create opportunities for the strategic business owner. The challenge is having accurate and timely information about these recession driven opportunities and have the financial and operational ability to respond.

Getting knowledge of opportunities is all about work. Now is the time to work the relationships you have within corporate America. Nobody knows what is going on inside corporate America more than those inside corporate America. So, if you have contacts with your customers, now is the time to offer to take your contacts out for lunch. Market intelligence is about having access to the flow of information that is only available to insiders. Now you cannot expect an employee of a large corporation to give you secret proprietary information. You can however, use the tools investigative journalists use to get information for their stories. What they do is first research the company. You need to know everything that is public about the company. You can find that information by visiting their website, reading their press releases, reviewing analysts reports, and using search services. After you have done your homework then, and only then, is it time to have a lunch with the insider. Insiders are much more likely to share information with someone who knows the opportunities and challenges facing a company than someone who is just fishing without a clue.

There is an interesting psychology associated with having done your research. The insider might share what they believe you already know once you have demonstrated your mastery of the company, or they may falsely believe that information that they might share with you is already public. So, the first step in getting timely valuable inside information is to do your homework.

Assuming you now understand the opportunities that might be the result of your market intelligence, the next step is to devise a solution to problems facing the corporate prospect. Recessions cause everyone problems. Successful businesses solve problems. Developing solutions is not easy, but most of the problems facing large corporations during a recession revolve around cost and market opportunity.

One thing senior executives consider during a recession is driving out costs. This often leads to sacrificing long term initiatives for short term realities. These tough and unavoidable decisions often look at activities within the corporation that are indirect in nature. So activities like marketing, research and development, investor relations, community relations, and other activities that do not go directly into the product or service the company sells are the first targets of corporate cost cutting. Because these groups within the corporation are targets for cuts, does not mean that corporate leadership wants to discontinue these activities entirely. Here is where you have an opportunity. It is likely that being in these market niches can provide high quality indirect services at a fraction of the cost that corporations were paying for using internal resources. You need to make the case that working with their firm can offer corporations the cost savings they are looking for while maintaining the activity.

(Continued on page 2)

Responding effectively to these types of opportunities may require you to change your own business models. A corporate buyer wants to shave costs, but is not willing to lower quality. This means you must be willing to devote resources to fully meet the needs of this type of client. This may mean more hands on, higher costing services than you traditionally supply. You need to be prepared for delivering the higher expectations of a corporate customer who previously used internal resources and now has outsourced those services. Don't expect those expectations to change.

Problems of market opportunity also develop during recessions. Companies devote resources to expand their market reach during expansionary periods only to see those activities contract during recessions. So, if you can offer corporate customers an ability to expand or maintain their market share by providing the services to corporate prospects' customers, at significantly lower cost compared to how the company provided those services internally, you have an opportunity. This may mean offering service to the clients of corporations in areas targeted for cutbacks. This also might mean offering to represent the corporate client in markets not already covered by internal corporate resources. The challenge you need to understand is the corporation's marketing strategy and how the recession effects that strategy.

Trolling for opportunities is a tried and tested strategy for businesses looking to survive and grow during a recession. The opportunities are out there, but you have to look for them and you have to be prepared when you find them."

Many thanks to Dr. Fred McKinney, who is also a partner in the consulting firm of Bobo, Jaynes and McKinney (BJM). BJM provides economic and financial research services to large and small organizations. Dr. McKinney also served as a consultant to the Clinton administration. For more information on Dr. McKinney and the CMSCD organization, go to:

<http://cmsdc.org/fred.html>

Information provided for you by **Marilyn K. Dayton, Business/Marketing Specialist**
<http://maredayt.homestead.com> ~ maredayt@yahoo.com ~ 860-389-2521

