

Ten Steps to Thrive in a Volatile Economy

Let the Competition “Just Survive”

John Bell

In volatile economic times, it is easy to adopt a bunker mentality and “hunker down” and wait for a turn around. Those who do may survive, but those who adopt a more balanced approach will thrive and be positioned for rapid growth when the inevitable turn around arrives. Here are ten steps to position your company for long term success.

1. Make your strategy and value proposition front and center

Your strategy is the framework within which decisions and choices are made. Strategy is what your company is all about. Your value proposition is why your customers are better off working with you. Making these two critical pieces of information front and center throughout the organization gives everyone a frame of reference to judge the impact of their daily tasks. Especially in challenging economic times, everything done throughout the organization should be examined through these filters.

2. Sharpen your plan and objectives to directly support your strategy and value proposition

Strategic implementation is how the organization intends to execute its strategy. The near term plan must have a laser sharp focus on those actions that must be taken to bring the strategy to fruition. Examination of objectives in that light allows the core activities to be separated from the fringe activities. Overlay of the value proposition can aid in prioritization of activities to maximize near term value to existing customers.

3. Know your current reality

Assessment of both internal and external conditions continuously is imperative. These define the current reality and the distance, direction, and value of achieving your objectives. Well defined metrics for organizational performance are crucial for rapid response to changing conditions, particularly measures of lead time, costs, and loading relative to capacity.

4. Increase your value to existing customers

Companies that emerge strong from this recession will be looking for ways to increase their value to their customers. Your customers are feeling the pinch, as well. Flexible payment terms or holding buffer inventory in exchange for better demand visibility could be highly valuable to your best customers. Demonstrating faster response than your competition, or reducing your lead time to allow more flexible commitment windows could also be a valuable differentiator. Whatever your value proposition, amplify it in the eyes of your existing customers.

5. Introduce your value to new customers

If your competition is struggling, now is an ideal time to introduce your value to new customers and expand market share.

6. Communicate with your suppliers

Similar to your customers, your suppliers are probably nervous and edgy, too. Cultivate a close relationship with your most critical suppliers. Jettison those who are unresponsive or underperforming and give the business to your best suppliers. Even if you are temporarily single sourced, the situation may work to your advantage through better pricing, better terms, etc.

7. Communicate with and engage your employees

Share information with your employees, lead from the front, and show confidence. It is the responsibility of the leader to keep the organization focused on the customer and not on the latest rumor. In the absence of information, people make it up by thinking out loud and visualizing the worst case scenario. Even better; engage employees in the solution. They will feel a degree of control, and remain focused.

8. Free up resources by terminating activities that are not core, do not directly support your strategy, or do not increase your value to your customers

Ruthlessly apply the filter of strategy and value to eliminate activities not directly supportive. This may include jettisoning poor customers, terminating unprofitable product lines, and eliminating “nice to have” functions.

9. Increase investment in projects, training, improvement, and hiring that directly support your strategy and increase your value to your customers

Rather than the knee jerk response to hard times (blanket spending freezes, across the board staff cuts, elimination of training, and travel cuts), increase investment in your best product lines, people, and marketing. The investment will be funded either by the actions from item #8, or from the return on investment from high value projects.

10. Recognize and celebrate successes

There is no better way to keep morale high than to occasionally stopping to recognize a success or laud a heroic effort. Everyone will be working harder. Take time for a little fun.

Reality dictates that we must adapt to rapidly changing conditions if we are to achieve long term success. Strategic clarity, a strengthened value proposition, engaged customers, suppliers, and employees, and a sharp focus will position a company to capitalize on opportunities that will undoubtedly arise in spite of, or perhaps because of, our current volatile economy.

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John Bell is a business consultant, executive coach and mentor. He partners with clients who are ready to unleash the hidden value in their enterprise with solutions that are straightforward, effective, sustainable, customized to their situation, and deliver extraordinary return on investment. He can be contacted through his company's website at www.excelconsultinggroup.com or by calling him at 828-877-6282.