

Strategies for Recession –Proof Business Functioning

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Abstract:

Recession is a phenomenon of decreasing demand for raw materials, products, and services. Technically, its beginning, progress, and ending depend on the operational measures used by different researchers and federal agencies. For example, in the United States a recession is said to exist when the gross national product (GNP) declines for two consecutive quarters, or when the leading economic indicators (LEIs) decline for three straight months, or when the index of the Association of Purchasing Managers dips below 50 points. Whichever the case, recession requires marketing managers to modify their marketing strategy and action in order to stay both profitable and consumer-responsive. This generally means adapting the marketing mix and/or changing the target markets.

The economy may be sputtering, but entrepreneurs can still succeed with the right business model and cost controls. What would a company do if demand suddenly fell off or if a global recession hit? Now is the time to build strategic contingency planning into a company's culture and the importance of loyalty and of protecting your core assets is vital.

Recession has had a significant effect on Indian IT budgets. With new uncertainties raised by the attacks and many economists forecasting a deep and prolonged recession, businesses will have to do everything within their power to brace for the coming storm and survive the bad times-predicted by some to be bigger and more devastating than the Great Depression of 1929.

Key Word: Recession, GNP, Leading Economic Indicators.

Strategies for Startup in recession:

1. **Focus on selling necessity-based products or services.** Even in a down-market, consumers and businesses need staples like computer services, and food and trash collection? Ironically, luxury items like designer shoes can succeed if you can hang on long enough for the business to catch fire. The trick is to avoid the middle market, whether it's a mid-priced restaurant or a picture framing service in a modest neighborhood. If people can opt for a less expensive alternative or delay a purchase while times are tough, that's not the business to be in.
2. **Use guerrilla marketing techniques to get the word out.** There are dozens or even hundreds of free or inexpensive ways to promote your business without sinking a fortune into advertising. A new coffee shop, for example, could give away 1,000 coffees for the first five days with relatively little expense to help publicize the business as well as attract people who might become repeat customers. You can also paint a car to advertise a local business, write a column for a local newspaper and so on.
3. **Sign a few big customers at a discount.** Many kind of businesses can cover their overhead with one or two big contracts, so it's worth it to give those customers a price break. If you're a one-man PR agency, having one or two major clients can pay the bills. If you're a swimming pool builder, striking a deal with a couple of building contractors might keep you going while you look for more profitable projects.
4. **Minimize your full-time staff.** Hire part-time employees or outsource part of your work to keep your costs in line. Sources like Guru.com can help you find freelancers who can take overflow work or specialty jobs so you don't have to invest resources employing people who will be underutilized. As your business grows, you can add more full-time employees.
5. **Run a tight ship budget-wise.** There's no reason to buy brand new furniture, for example. Go to an auction to outfit your office; it won't kill you to sit in someone else's chair for a few years. And limit your long-term commitments.
6. **Buy a business instead of starting one.** Many businesses that are for sale are perfectly viable, but the owner has run out of time or energy or

simply isn't cut out to be an entrepreneur. If you buy the right business (and books like my *Billionaire in Training* can tell you how), you will already have a foundation and an income stream that can be nurtured rather than having to start from scratch. You may pay a little more to get off the ground, but you'll have money coming in from day one.

Strategies to make Career Recession-Proof:

1. Stay Alert to Grapevine. You need to walk a fine line here, because you want to be alert to insider information about your employer while avoiding getting too caught up in the rumors that often swirl around the water-cooler. And even more importantly, do not be the person identified as spreading any rumors.

Your goal should be to avoid the office gossips while staying alert to real information that could have a direct impact on your job.

You'll build your career capital by being perceived as someone who is calm and cool under pressure -- and helps calm others around you.

2. Dust off the Resume. At no time in your career -- except when you're ready to retire -- should your resume not be current. Without question, in times of uncertainty, there is no excuse not to have an up-to-date resume.

Remember, too, that there is no longer any such thing as one resume. What you really need is a current framework for your resume -- which you can then modify to fit any situation -- or employer -- you face. Your resume showcases your career capital.

If it's been a while since you updated -- or used your resume -- review some of the key tools and resources in the Resume Resources section of *Quintessential Careers*.

3. Build Your Brand Internally. Ideally, you have already been implementing many of the strategies suggested here to make yourself distinctive (and ideally indispensable), but if not, now is the time to activate them.

Your goal is two-fold. Firstly, to become a go-to person for vital projects and second is to carefully (and tactfully) showcase your accomplishments so management understands your value to the organization.

If you have not done so already, be proactive in work assignments rather than simply doing your job. Initiate a conversation with your boss about other projects you could undertake for your department. Be the first to volunteer when the organization seeks people for new assignments, task forces, cross-functional teams -- especially for situations in which the result could be an increased revenue stream or substantial cost-savings for the organization.

Follow-up with your boss regularly so she knows you're on-going accomplishments -- and not just at the annual review -- especially if you work in a different location from the boss. Keep your mentor and other higher-ups aware of your accomplishments. In other words, showcase your career capital.

4. Become a Company Man or Woman. In bad and uncertain times, especially if there have already been a round or two of layoffs, it's easy to become disillusioned with your employer -- but now is the time to proudly show your loyalty to the firm.

Never be heard or seen bad-mouthing the organization -- and instead, be known for being a staunch supporter of top management and the direction of the organization.

Being labeled a company man (or woman) sometimes has negative connotations among your peers, but workers who have questionable loyalty to the organization will be the first to get fired -- even before more incompetent but loyal workers. Loyalty matters that much, so make the effort to be both extremely competent and loyal.

5. Build Your Brand Externally. By working to become better known in your industry or profession, you will add value both to your current employer as well as to yourself. Position yourself as an expert by writing articles for a leading trade publication or Website. Become an expert on your industry with one or more of the social bookmarking sites and knowledge-based sites.

Better still, buy a domain name (such as yourname.com), and build an online presence by publishing your resume and portfolio online. Take it one step further and start a blog (or at least contribute to an existing one) on a topic for which you have knowledge and passion .

One warning regarding building your brand -- focus on building your reputation as an expert in a particular area, and focus all comments, quotes, and blog entries so that you build your brand while also promoting your current employer.

6. Focus on Professional Development Opportunities. A hallmark of successful people is that they never stop learning more about their profession/industry/career. Dispensable employees are those who still insist on doing the job as it has always traditionally been done while indispensable employees are on the cutting-edge of their profession.

Find conferences that offer seminars in which you can learn new ways to perform your job -- or do it better. Consider additional training, certifications, and degrees. Continuing education is required in certain fields (healthcare, education), but it's truly vital to your professional growth and success as well -- and not just for trying to save this job, but for yourself.

At a minimum, read your industry trade journals and books, but do seek out greater educational opportunities as they greatly enhance your career capital.

7. Network, Network, Network. One of the fundamental rules of career development is never stop networking, and never stop growing and expanding your network of contacts. Many folks think that networking is only for when you're actively (or about to be actively) job-hunting, but the truth is once you start networking, you should never stop.

Remember, as you talk with people in your network, you're not asking for a job or telling them the latest layoff rumor about your employer. The point of networking is the sharing of information. And yes, you can certainly build your brand within your network -- and then use your network to communicate that brand to others.

Besides keeping in regular touch with your network, you should also be looking for ways to build your network, such as by attending trade shows or conferences and mingling. You can also build your network through online social (think Facebook.com) and professional (think LinkedIn) networking sites.

Strategies for Recession Fundraising

1. **Don't treat giving as a financial transaction.** Tell donors how their giving is making the world a better place and don't just focus on the perks they will receive (e.g. "you get a newsletter and four free tickets" — this is especially important for arts organizations).
2. **Keep close ties to donors.** Don't make your only contact with donors be solicitations. Focus on thanking and showing impact. Find ways to let donors see the impact for themselves.
3. **Offer matching grants.** Ask a loyal donor or funder to provide the match.
4. **Ask donors to give monthly.**
5. **Look for ways to save money on fundraising.** Trim special event expenses or eliminate programs that aren't serving you well. Look for ways to move your communications online. Freeze salaries. Renegotiate with your vendors and consultants (don't know about this one!).
6. **Seek alternatives to soliciting private donations.** Can you rent some of your space to another organization? Start a social enterprise? Develop a cause-marketing partnership with a corporation?
7. **Collaborate to raise money.** You can have greater impact and generate more attention by working with others. For example, ten grassroots organizations serving people with disabilities could put on one large event instead of each having their own. They would probably raise more, hold a better event and get more attention than doing it alone.
8. **Scale back ambitious campaigns, but don't give up on them.** You may have to scale back on the goal or increase the length of your "quiet phase" where the lead gifts are solicited.
9. **Avoid emergency solicitations.** Asking donors to bail you out or save you from impending demise is not an appealing message — who wants to invest in an organization on the brink of collapse? Instead, tell people how the economy is hurting the people you serve and the issues you work on.
10. **Shore up relations with grant makers.** It is going to take some time before endowment-based funders can get back to decent levels of giving, but that doesn't mean you should stop paying attention to them. Be on their list when giving resumes, by being in touch and continuing to show them you are making a difference.

Strategies to make the Business Recession-Proof

1. Diversify

In a weak economy, diversification may be your business' best friend. The more services you can offer, the more clients you will be able to find. For example, if you primarily create business plans or marketing collateral for big name clients, you could expand your services to include press releases, sales letters, web content, or other business-related products and services. And you can diversify even further by repackaging your product and selling it to a different clientele. For example, you could host a seminar or workshop on writing business plans. Each person who attends may not be able to pay your normal fee, but combined not only may you earn more, you could also score a few new clients. No matter what service you offer, with a little innovative thinking you should be able to develop several "new" offers. All of which will help keep you ahead while your niche-focused competitors bite the dust.

2. Offer Outstanding Customer Service

Once you've started attracting customers, you'll have to worry about retaining them, and in a stagnating economy that may be even more difficult. You must provide not only a high quality product, but also exceptional customer service. When money's tight, clients expect more for their dollar. If you want to keep their business, you must keep them happy. Refine your customer service strategy to insure that every step from taking the order to delivering the product is client-focused and effective. You may want to conduct a customer satisfaction survey or two in order to make sure your customers' needs are being met. Also consider making your service more valuable to clients with faster delivery times, wider selections, or more flexible payment terms.

3. Intensify Marketing

One of the biggest mistakes business owners make during periods of economic slowdown is to cut back on marketing and advertising, doing this could be most detrimental to your business. Instead, your marketing needs to be more

aggressive and more comprehensive than ever. Start by contacting past clients and simply touching base. Chances are a good number of them will have projects or assignments for which your services may be required. Offer discounts, freebies, or other extras as incentives. You may also want to set up a referral reward program for clients as part of your marketing efforts. You also need to re-evaluate your current marketing methods. If you are not seeing some increase in sales from every dollar you spend on promotions, then you are wasting valuable revenue. Whether you use billboard ads, direct mailings, or the yellow pages now is the time to make sure your current marketing is cost-effective and efficient.

4. Position Yourself to be a Market Leader:

Are you content to follow the herd? Step outside of your comfort zone and dare to lead than to follow. Set yourself apart from the competition by developing your own USP-unique selling position sometimes also referred to as ESA (Essential Selling Advantage) What is your USP? It doesn't really matter 'what' your USP is as much as it matters that you have one. Prospective customers **MUST** have a good reason to do business with you rather than your competition. It could be your superior customer service, your lifetime refund policy, best prices or the outstanding quality of your products. You have absolutely no reason to worry about the economic slowdown or competition once your customers experience your USP. In fact, you can use your USP to ruthlessly eliminate your competitors.

5. Adopt Cutting Edge Technologies

One of the best ways to stay ahead of your competitors is by keeping up with current technology. So if you aren't familiar with customer relation management software or even e-mail marketing, now is the time to do so. You can put your business online, advertise with well-placed banner ads, send out information to potential clients via e-mail, outsource some of your administrative duties, manage your payroll, or establish an affiliate program all on the Internet. Current technology can help your company run more efficiently and more cost effectively, plus it can open access to clients in

the next city, in another state, or even enable you to compete in the global marketplace. You'll have the potential to contact millions of people who would otherwise have never heard of you or your product and in a slow economy you need all the exposure you can get.

6. Stay Focused

Nothing will damage your business more than business myopia or short sightedness.. In order to stay successful, you must always keep an eye on your long term goals and objectives. You will hit rough spots but do not get bogged down in the present. Do not make this mistake. Instead keep your eyes on your target. Stay focused. Every decision, every cutback, every improvement you make now must be beneficial not only in the present but more importantly in the future. Think about this before you slash prices, fire employees, cut overhead, or lower your standards.

7. Seek New Ways to Improve

If you are like most people, you are content with the status quo until something disturbs it. You should be constantly re-evaluating not just your marketing plan, but all of your business strategies including policies, pricing, and employee performance. The idea is to eventually be as efficient and effective as possible so your company runs smoothly and profitably. Look closely at your competitors. Talk to business leaders you respect. Read business management books. Do experiment. Solicit feedback from your workers and customers. By doing several of these things you will accumulate a wealth of knowledge and experience crucial to the survival of your business.

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