



Thriving in a Recession

Unfortunately as we begin the year 2002, the US economy is in a recession; however, your business does not have to suffer during these hard times.

Some businesses have it and others don't. It's the ability to overcome economic downturns, recessions or just plain, old tough times. Certain businesses thrive during a recession while others slowly wilt away.

For some, this is the winter of despair; while others uncover huge opportunities. The difference is Common Sense Management™ (*See article entitled Common Sense Management™*)¹.

Consider these statistics: 70% of companies survive a recession, 25% of businesses fail, and 5% actually thrive in tough times.

You can thrive too, but it doesn't happen by accident. It all starts with attitude, attitude drives behavior, and you become what you believe. (*See article entitled The Power Within*)¹.

As indicators continue to reveal problems in the economy, most of us expect the worst business woes, especially when we read about stock market declines, corporate losses exceeding projections, companies laying off tens of thousands of workers, and major airlines filing for Chapter 11 protection.

There is no doubt that the need for change, whether beneficial or not, looms large in the thoughts of many business owners who face new challenges daily as the economic downturn continues. The ability to respond to economic changes — separates the capable business owner from the rest.

Although cost cutting is inevitable, marketing and product promotion are absolutely essential. The question is, "How can you effectively promote your products on a smaller budget?"

The answer is the Internet. It is an extremely powerful, yet cost-effective, communication tool that effectively utilized can stimulate significant sales growth, even in a recession (*See article entitled Communicating - Internet Style*)¹.

Another key element for thriving in a recession is to focus more on customer satisfaction. By focusing on delivering more than you promise, you are putting the customer first. This helps reinforce their decision to buy from you.

Whether the economy strengthens, continues to slide, or stagnates, the only certainty is that change is inevitable to succeed in today's businesses environment.

When it comes to dealing with change, small firms are at a distinct advantage. Not having the large corporate hierarchy, they can be flexible, react quickly, and readily respond. When you make a change in a big company, it's like turning an aircraft carrier. In a small company, you're turning a jet ski.



Coping with change successfully requires a special focus and a proactive plan employing a different set of business priorities:

1. **Increase the frequency of communications with existing clients.**
Listen for changes in budgets and proposed spending levels. Be aware of clients' perceptions of pricing and quality of work performed.
2. **Anticipate market changes.**
Stay informed about projected industry spending and purchasing trends.
3. **Evaluate market opportunities.**
Explore ways to position services that meet perceived client needs.
4. **Promote, promote, promote.**
When everyone else cuts back and you maintain your investments in promotion, you may effectively double your exposure. You must inform prospects how your products and services satisfy their perceived needs. If they don't know about you, they can't buy from you.
5. **Manage cash.**
Review existing collection policies for needed revisions and speed up procedures to increase collections.
6. **Use resources effectively.**
Implement efficient methodology and eliminate waste and non-profitable areas. Get rid of "dead-wood".
7. **Insure profitable operations.**
Lenders, buyers, or investors are not sympathetic to large losses incurred—even in difficult economic times.
8. **Plan carefully.**
Prepare budgets and analyze operational variances routinely.

By carefully employing these simple business priorities while applying the principles and techniques of Common Sense Management™, your Company can be among the top group of companies, the 5% that actually thrive in a recession.

¹ (All articles referenced above can be found on our Web Site www.TheKenmarcCompany.com)

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