Off the Shelf

Staying Strong During a Down Economy

(Editor's Note: Following is a book preview summary reprinted with permission from Power Equipment Trade, a Hatton-Brown publication.)

"The Performance Power Grid: The Proven Method to Create and Sustain Superior Organizational Performance," by David Giannetto and Anthony Zecca, published by Wiley, ISBN: 0-470-05144-2.

According to business consultant David Giannetto, "The word 'recession' by itself has been known to send business owners into a panic. Add in all of the economic postulating by the media, and you might find it easy to convince yourself it's time to start counting down the days until your business's demise. But all of that worrying is counterproductive. You can't get anything done when you're in a panic mode."

Giannetto says the business owners who use their time to improve their business and seize every possible opportunity—rather than wasting it on constant worrying—are the ones who will make it through the economic downturn.

"If you know the best steps to take, you will be able to come out on the other side of this recession with a very sound business in place."

Here are a few of his tips for steering your business through the economic downturn:

- Only the strong survive. During an economic downturn, many business owners overlook the fact that their competitors are suffering too—and that what results from the slowdown is still an even playing field. The strategy for not only surviving the slowdown but prospering during it remains the same as it is in good economic times: Build the strongest business you possibly can. And that means having a strong value proposition, managing in a fiscally responsible manner, and providing great service to get and keep important customers.
- Focus your employees. One positive thing about all of the fear-inducing hype scaring business owners, executives, and managers everywhere is that in the right hands it can be a great motivational tool for employees. Says Giannetto, "Use the economy to drive home the fact that providing quality service to customers and creating greater effectiveness and efficiency are the absolute best ways for your employees to help the business through the recession. You, as the leader, must resist being overcome by the same fear, and present a vision and path toward greater prosperity that everyone in your organization will rally around."
- Expand, don't contract. It seems counterintuitive, but great companies expand during slowdowns; they don't pull back. Remember, all competitors within an industry are dealing with the same challenges. As a result, the weakest of these organizations will be going out of business, losing critical funding and cutting operations, and/or letting go of critical but expensive assets and people.

  "All of these things open up holes in the market that a clear-thinking organization can fill," says Giannetto. "Be prepared to increase your sales, marketing, and advertising efforts during the slowdown to make sure that newly 'available' customers reach out to you first."
- Know the difference between profit and revenue. "All organizations can produce financial statements of gain and loss, but these do nothing to help managers make hard decisions about where they should be cutting specific, unprofitable customers or segments, and where they shouldn't," says Giannetto. "During a slowdown, you should apply greater scrutiny in these areas. The first places to cut should be those areas where you are already losing money."
- Stay current and creative. Too often during a slowdown companies cut back on the new products or services that represent the future of their business. Once the slowdown turns around—as it inevitably will—they find that they cannot catch back up to market demands and expectations. "You must avoid falling into this trap," says Giannetto. "Even during the downturn, keep your creative juices flowing. Always think about new ways to satisfy your customers and which new products will enable you to better meet their needs."