# Business Down – Play Defense or Offense?

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When in a deteriorating economy or downturn in business, should you pursue a defensive or offensive posture? Should you pull back your spending on sales or invest more in marketing? Should you work harder at what you've been doing or try something new? Should you cancel all non-essential projects or place a wise bet on a new venture? Do you tear down or build-up? Do you play defense or offense?

If your organization experiences a downturn in business, you clearly have to play some defense. You need to protect the bottom line. You have to preserve your cash flow. You have to pull back expenses, lower overheads and cut back where it doesn't harm your customer satisfaction and critical sources of income.

But what about offense? Do you make investments? Do you worry about the top line? Is now a time to concern yourself with anything other than preserving cash flow? The answer is absolutely yes. If you don't, your destination is even more certain. An organization that only plays defense can't win. If you are not willing to go after new sources of income or improve your business, your strategy becomes self-fulfilling. You can only hope the downturn doesn't last very long because if it does, you are a certain loser. An all defensive mentality is a going out of business mentality. You can't manage the bottom line to the exclusion of the top line. You can't simply work harder doing the same things with fewer resources and expect to prosper.

Consider these elements of your organizational ecosystem for selective investment of your time and money to improve your top and bottom line:

**1. Customer facing skills** – Customer facing staff must execute flawlessly. Where they could get by with a little sloppiness, unprofessionalism or incompetence in the good times, they can't when business is down. Everyone that interacts with prospects or customers, especially your top tier customers, must be of the highest competence. Selectively invest in talent development in high-impact skills such as selling, negotiating, time management, communications, and leadership. Utilize a combination of self-directed learning initiatives, training programs, books, mentoring, and coaching to upgrade the behaviors and competencies of your staff.

**2. Business processes –** Ineffective business processes that you put up with when times are good can no longer be ignored. Now is the time to selectively invest in improving your ineffective business processes, especially where they impact your top tier customers. Processes in customer service, sales, product management, product development, delivery and between functional units should be focused on delivering high customer value while providing it as efficiently as possible. Model your business processes from a customer's viewpoint and streamline them to better support your mutual interests.

**3. Policies –** Policies that served you well in good times because they were in your best interest may not serve you so well when you need to be more worried about the best interests of your customers. Order quantity minimums, service level agreements, trial programs, credit and other policies may need to be temporarily relaxed, or in some cases strengthened, to protect your top line. Review your policies to see where adjustments can be made making you an easier company with which to do business.

**4. Products and services –** Provide the features and functions your target prospects and customers want. Embed innovation into your offerings to better meet your customer's needs. Increase the communication between you and your target customers to fully understand the context in which they use your products and their unmet needs. The result could be more SKUs, more product management, more life cycle management, and more work, but through improvements in systems, skills and processes, there are methods to breakeven on the workload while increasing your competitiveness. Embed innovative features into your offerings. Fulfill your customer's needs.

**5. Pricing –** The first reaction customers and suppliers alike have in a down market is to reduce prices. There may be situations where this is necessary, but consider other ways to provide the same effect through alternative means. Increasing service levels, volumes, features and the breadth of products all have a cost reducing impact. When asked for a price decrease, don't concede without exploring concessions or other alternatives. Ensure your customer facing teams have strong negotiation skills and your pricing policies provide guidance that isn't solely focused on price reduction.

**6. Incentives –** What you measure gets managed. Consider both leading and lagging indicators of performance. Ensure you are not just looking at the lights in your rear view mirror, but what is coming at you. Measure the key performance indicators that drive your results, not just your results. You don't get results by focusing on results. You get results by focusing on that which produces results. If its profitability you desire, ensure your measurements and incentives are tied to the root drivers of your profitability.

**7. Partners –** It may that you can no longer afford to perform some roles on your own. There are others who can do certain tasks not only better, but cheaper than you. Channel partners, staffing companies, consultants, training firms, and other partners provide you access to expert skills and capacity while giving you the flexibility of a variable cost which you can turn up or down more easily than you can as an in-house fixed cost. Review the areas where you are not as competent or efficient as others and investigate the feasibility of outsourcing or partnering.

Take charge of your destination. Consider what you can do offensively as well as defensively. If there is ever a time to increase your competitive differentiation, it is now. Consider the pleasant surprise your top tier customers will have when you tell them that while the economy is down, you are making an investment in them. Feature the skills you are building, the processes you are improving, the relaxed policies you are offering, the new offerings you are providing, the enhancements you are making to your prices, and the resources you are adding through your business partners. It will be a welcome change to the bad news they are getting from other suppliers and their own customers.