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HOW TO SURVIVE IN RECESSION

Second Edition

Based on advices from highly experienced professionals

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Our previous paper exclusively covered those areas where a small business can improve and survive, or even earn good profits during recession. We conducted surveys and interviews for preparing that white paper specifically for small businesses.

We also initiated discussion about the same topic on different groups on LinkedIn and received many useful replies from experienced entrepreneurs, marketers and small business professionals. So, here is another white paper for your knowledge completely based on those useful advices.

The order of this paper is as same as the previous one, same headlines but the body content is purely consisted of the advices from much wiser people around the world. Starting with a great advice from a group 'eMarketing Association Network', talking about opportunities SMEs can get during recession:

"recession is a better tool for SME's to grasp better opportunity and work with big ones. This is going to bring uniformity and good competition among entities to provide the best product/ service at the lowest possible rate." (Praveen Annubhukta)

Another good advice from a group participant of 'Innovative Marketing, PR, Sales, Word-of-Mouth & Buzz Innovators', he says:

"I remember an old acronym from grad school: R.A.C.E.--Research, Action Plan, Communication, Evaluation. I add a "B" (for "budget", to make "B.R.A.C.E.") to bring the academic in line with the real world." (John LaRosa)

Absolutely right, now let's see other significant advices by professionals around.

Don't think recession is bad

We previously discussed that recession is a temporary situation and one should not see it as a threat, however new opportunities can be found to earn more profits. Look at the following lines describing the fall of businesses just because of wrong perception:

"The most common reaction in crisis is contraction of the business due to lack of confidence, lack of marketing knowledge, lack of investment capital and reactive behavior cause of others." (Koos Ris)

Another advice to act actively during recession:

“See it coming, start acting on it before it's too late, cut expenses to the bone, be brave, do what you have to do to make your business survive and thrive.” (Drenner Tinsley)

Get rid of the fear of failure, take action

Proper planning and taking initiatives during recession are necessary for survival. Professionals have been advising a lot about proper planning, let's read them out:

“recession is about building your skills on a general language it encourages or forces to re evaluate ones skills and ability for future betterment.” (Praveen Annubhukta)

Some more advices about planning and initiative:

“I also think that a recession is an opportunity for SME. That's the time you can positioned in a niche and can improve your presentation” (Diana Georgieva)

“A planning process will help you focus in on a new set of critical goals. Sitting back and waiting for something to change is the exact wrong thing to do.” (Helene Mazur)

The following lines purely tell you that don't fear, take action:

“I think the business owners who are committed to growing their business during a recession have the greatest chance of survival. Focusing on growth takes no more energy than worrying about the unknown.” (Steve Smith)

“One of the most important things a small business can do right now is take a top down look at their business and reassess their business model.” (Helene Mazur)

“Get back to basics. Know your true target audience. Reexamine value propositions. Listen to your clients. Network. Audit your communications (advertising, PR, marketing, internet, etc.) and make sure you're reaching the right people.” (John LaRosa)

Keep your eyes open

Opportunity never stays for long, grab it before your competitor do. Professionals are also advising the same with some good words:

“Learn your craft from bottom to top, stay up with changes, market and work harder to produce results and stay forward looking while remaining in the present.” (John Beyer)

Few more advices related to opportunities one can find:

“I feel the best way a small business can survive is through “Dialogue Marketing” executives need to network, listen to their clients and explore new relationships with unrelated businesses. Seek first to understand your target market profile, customer profile and perceptions. Learn to observe patterns, clusters and points where transactions occur.” (David Geraghty)

“To help and be aware of new views and develop confidence it’s essential to connect to lots of other people (entrepreneurs, business people, artists, children...etc) and try to discuss all the difficult themes with others on dialogue.” (Kooos Ris)

Add unique value to your product or service

Very necessary thing to be done during recession is adding unique value to your product or service, advices for the same are elaborated by the professionals from their point of views. The following lines tell the very basic idea about demand and supply during economic recession:

“Due to this recession, the consumer has been forced to slow down to separate wants from needs...meaning they are cutting out the products and services not useful to them. Small businesses would be wise to follow those consumer trends.” (Corinee Burkert)

Very true, let’s see what these lines are saying:

“do everything you can to provide first class, knock your socks off, service. Serve your customers and clients like they were royalty and more! Never pass up an opportunity to provide value added service and products.” (Andrea Page)

Changes in your product according to the environment are crucial, following lines advising the same:

“Rethink your marketing, but not just the promotion part. Pay lots of attention to the product piece. Tailor your business service/product and message to the times.” (Kelly Kuhn-Wallace)

Have a look at these very important advices as well:

“try to find whether there is extensive value with no additional cost that you could add into it in order to increase your competitive strength.” (Jacqueline Yu)

“Examine your product mix. Should you eliminate or add products.” (Jessie Puchon CFA)

Promise and deliver value

You cannot leave the “customer services” part as it is very important. It’s more important to retain your old and loyal customer rather than making new ones, but making new customers should also be a part of the survival plan. Let’s check what experts are advising to the small businesses:

“Offer more

Offer more often

Offer to more potential customers.” (Sasha Grebenyuk)

Yup, that was the right message, what you offer and deliver during the hard time is important for the customer to continue buying from you or switch to someone else, let’s see one more advice about customer retention:

“Customer retention is crucial and mining that base to expand your customer list is invaluable.” (Joe Bencharsky)

Everybody is talking about retaining the old customers, check few more lines portraying the same message:

“stay in touch with your customers and clients. Remember their birthdays, anniversary, tell them you appreciate their loyalty, and remind them monthly of how special they are to you personally, as well as to your business.” (Andrea Page)

“Re-evaluate your past customers - think about their loyalty and offer them more...” (Sasha Grebenyuk)

Develop low budget but effective marketing plan

Marketing during recession is that activity which cannot be put in a low priority. Small business should not limit their marketing activates, but prepare that marketing plan which is low budget and effective. We discussed about that on groups and see what advices we have received:

“Cost analysis and reduction is essential, but so is identifying what advertising and promotion channels are the most cost-effective at bringing in business.” (Joe Bencharsky)

“The second step is finding EFFECTIVE and cost-effective means of targeting your message to those markets.” (Joe Bencharsky)

See few more great advices from the professionals:

“Effective sales and marketing plans are the oxygen of any small business; even in a turbulent market like the one we’re in right now.” (Steve Smith)

“Look at your markets: Did all your markets react in the same way, you now have experience. Time to truly diversify your markets.” (Jessie Puchon CFA)

“Put more energy into “free”, but time-consuming” marketing, such as linkedin, twitter, facebook, etc.” (Sasha Grebenyuk)

A more comprehensive advice focusing on building relationship to carry out word-of-mouth marketing:

“I think the key to survive in a recession is build your network like other group members. Also not just getting to know more people but build relationships where its not like I scratch your back and you scratch mine, and keep clients happy with service because everyone wants to feel validated” (Erica Bell)

Cut the right cost and spend wisely

Cost cutting is inevitable while reshaping the business processes during recession, but cutting marketing cost to the lowest is not a good idea. Many worth reading and worth practicing advices were given during the discussion on the groups, let’s check them out:

“Start with operating expenses, cut down on as much fixed expenses as possible then move on to the COG. Re-negotiate terms with vendors, ask for cash discounts, etc...” (Irina Kranz)

“Most importantly create pessimistic cash flow forecasts...which makes you really focus harder and become leaner and meaner...” (Charle Smee)

“Now is the time to review and update your business plan and budget. Focus on reducing unnecessary expenses, and increasing the value that you provide your customers.” (Scott Fuller)

“Everyone is trying to reduce expenses. Figure out how to help others save on costs and you’ll both get new customers and new business from the customers you already have.” (Kelly Kuhn-Wallace)

“While the first action they must take is to be sure that all unnecessary expenditures are eliminated, they must maintain their focus on the future. They must know where they are going and have a plan to get there. They must continue to market their company, BUT must evaluate prior marketing expenditures to be sure they are getting their value.” (Bill Boyer)

“Now is the time to get a handle on your finances. A good bookkeeper can help a small business see where they are wasting money and can cut back.” (Diane Hain)

Cutting the right cost is important; you won't be able to execute other business functions until and unless you streamline all the financial issues.

Now I would like to share some case studies rounding up all the discussion, these are provided by experienced professionals in their respective fields:

“Recently an artist approached me asking me to evaluate his web site. I looked at the web site and asked a basic marketing question. “How do your current and future customers purchase paintings?” He really had no answer. I did a quick analysis to discover that most of his artwork is related to the tourism industry and is RARELY purchased online. Further research revealed that his site would be better targeted to retailers that sell to tourists not the consumer. The artists spent about 1000 dollars developing a web site targeted to the wrong audience. The answer to his business development problem was not a web site but he was putting his product through the wrong distribution channel. Often I see this same problem over and over again where there is lack of research to create a meaningful marketing plan. All marketing needs to found in some research. Soon we should talk about branding.” (M TZ)

“for me based where I am in Tuscany one of the greatest tools we have is creating a network of skills between sme's in the same industry; being able to provide 360° solutions across 10/20 companies. It's also one of the hardest things to do in economies that have been used to regarding operators in the same sector as competitors and not as colleagues. On top of all that you have to find a formula where someone or something acts as project manager to the whole, because left unmanaged most sme's simply don't have the maturity and/or the skills to operate as a team member instead of acting individually.” (Suzi Jenkins)

Finally a quote on how your employees can help you during recession:

“it is important to involve your employees in this process. They have ideas and suggestions to offer new services both to existing and former customers. They probably also have some ideas on how to attract new customers. And, they probably have a handle on how to trim those unnecessary costs and streamline service delivery.” (Margaret Jacoby)

Conclusion

Purpose of collecting all these information is to provide you the authentic and worth reading paper, so you can make a plan to survive and thrive during current economic downturn. All the above advices are contributed by highly professional and experts entrepreneurs having vast experience in their respective fields. In brief, all these advices are useful and if you practice

these advices for your business there would be a greater chance to perform better than others in harsh times.

We also render our gratitude to the contributors of the group discussion and appreciate their efforts for providing us highly valuable information. We thoroughly read every reply; all were very useful and practical, but it was not possible for us to put all the comments in a single paper. As all the individuals are equally important for us, that's why we have included the names of all the contributors at the end of this document to appreciate their efforts.

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