

It's UP or Down

*We live in a New Economy and i hope you have noticed. Things are different.
The Pie is Getting Smaller and Smaller*

Offices Executive Connections
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As stated in our October 2010 issue, i am a firm believer that the crisis is over. We are in fact living in the New Economy. Like it or not, this is it. This in how things will be from now on, at best. At best because it appears that apart from Greece, Ireland, Portugal and perhaps Spain and Italy may need a bailout. Of course the Germans do not want to lend these countries out of their own pockets and prefer to alter the European bail mechanism in order to include funds from the private sector - namely banks (as for e.g. Deutsche Bank). They want their banks to lend the money and control these countries.

Anyway, let's focus on what is important for us. What is important in the New Economy and the new set of rules that will govern and characterise the marketplace we live in. For the scope of this newsletter i will outline one.

New Economy Rule - It's Either Up or Down

For the past 2 years we are witnesses of business contraction due to the "crisis". All hell broke loose and every single company problem or weakness has surfaced. A lot of people lost their job, most businesses saw their sales, profits and more importantly liquidity disappear into the thin air. They reacted. But how? How did they react? By Scaling down. Saved and keep on saving wherever you can and sit tight waiting for the crisis to end and Santa to bring back good old 2007 and 2008. Some have called this a restructuring. And it may be the case. The name or characterisation is not important. What is important, the million dollar question is "**What have they restructured for**"? Have they restructured with the objective of surviving another year or two, have they restructured with the aim of saving whatever is to be saved or have they restructured and prepared to go back on the offense and do it hard with a vengeance?

With the danger of oversimplifying the case, i do believe the *vast majority of CY companies have restructured with the aim of making it through for another year or until the crisis is over (as if the crisis is some sort of flu that takes its time and then goes by..).*

Well, i have news for these companies. If the only aim of your restructuring is to get you through the difficult year, the end result could be the very opposite of what you are

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desperately trying to achieve. The strategy of just trying to survive is sure to lead you to your business death. There isn't such a thing in the New Economy.

Staying the same, preserving the status quo may be a sound strategy when the whole economy is booming. When the pie gets bigger and bigger every day preserving your share = growing, as each slice is getting bigger and bigger without you actually doing anything. Tourists flooded our hotels, Russians flooded our corporate service providers and our property sellers. Doing exactly the same thing was more than enough simply because your piece was growing by definition. BUT BUT BUT

Welcome to the New Economy. Welcome to the conditions of the Shrinking Pie. Think about it. When the pie is shrinking, if all you are trying to do is maintain, i.e. to preserve the status quo then, effectively what you will be left with is a smaller piece (especially if your No.1 reaction to the crisis was to lower your prices)! The smaller the pie, the smaller the piece. It is common sense and yes, it is that simple.

Hence the title of the article: **It's Either Up or Down!** You are either actively working on plans, strategies and tactics that will strengthen your value proposition (whatever that is), you are either working on growing your business or you are going down. You cannot go on preserving and maintaining. There isn't such a thing in the New Economy and the sooner you realise it the better. Most business will not and they are going down.

Surviving The New Economy

One of the characteristics of the New Economy survival is what I call "**Massive Action**". After you have eliminated fat, dropped product lines/services that are not producing, fired problematic or loss making clients (yes you can do that – in fact you should be doing that as they take up your time and resources without any real benefit), strengthened your measurable marketing and sales activities, you need to grow. These actions will not help you grow. They will help you go another mile or so but that's it. These actions are fat burning exercises. They need to happen but they will not help you grow.

Now is the time to rethink and ask yourself what business are you really in, how to best attack the market, what other horizontal or vertical products or services to launch, how to best market and sell to existing, new and old customers and what markets to address. How to "build a cage" around your customers and get them to come back, buy more and at higher prices. And you need to do them all at the same time. Forget the one after the other approach that was feasible in the Old Cash Cow Economy. Nowadays, you need to act and you need to do Act Massively. Plan well and attack the market with all at once from multiple source, with multiple offerings. See what works and put weight on it. Trash what doesn't and move on with another cycle. Fast and Massive Action will differentiate winners from the losers.

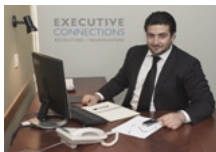
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Fire Yourself and then Hire Yourself Back Again

If you are the decision maker within your company, then one way you can do this is actually by “Firing Yourself & Then Hire Yourself Back Again”. I did fire myself and then recruited me again a week later! You see i came in with fresh eyes, away from all industry biases and asked myself some really good questions – like “what would i do differently being a new director?” I then challenged the team around these questions.

2011 will be a very interesting year for us. We have prepared and planned our own Massive Action List of new things (you will hear about them as they are being deployed). Thinking about the future with confidence, looking at it in the eyes ad going after it, talking about growth rates instead of cost cutting and business dangers and shrinking has been such a motivating exercise for us that we are in fact forward to 2011 and expect it to be to our best year ever! We plan to grow and we will do so through taking Massive Action and Intelligent Marketing.



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