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Declining Markets: Management understanding needed

Written by [Kevin Coleman](#), on 06-02-2009 10:42 NEW

In these difficult times many companies will be making employees redundant, and it is the job of the senior management and in particular the CEO to make sure those that remain are motivated and 'buy in' to the new plans.

Treat people that you make redundant as well as you possibly can, because morally you should (but also because they have skills that they might want to get back). Alternatively, they may take these skills (and good feelings) to potential new customers or may just talk to a chance acquaintance about you.



It is important to keep those that remain onside, as they will be even more valuable, with fewer people in the organisation you will need their goodwill. Make sure the people that remain feel good about the company and that they are aware of any new plans to keep the business viable. If the company has had problems in the past, refer to how the organisation survived them and came good, or better still emphasise achievements when everyone pulled together to deliver something good.

Keep quality high and don't scrimp on this and (continuing a theme) keep existing customers close, servicing their needs rather than trying to spread your resources too thinly. Now is the time to look again at priorities.

If you are a CEO or senior manager, don't forget the personal approach works – speak with customers, employees and investors so they retain their attachment to the company. They need to understand your plans, at a time when financial considerations tend to be on most peoples' minds.

Be tough on the potential causes of pain! Reading all of the previous points you could be forgiven for thinking that I am a soft touch. Wrong! You need to act like John Sergeant and leave the party before the fighting starts. Does your sales channel work correctly for you? Are your resellers or distributors committed, financially viable, bringing in the returns you require, or paying you on time? You need to keep close to them and make sure that you know their business almost as well as you know your own. Listening to your accounts department, buyers and sales team is a cheap and important way of up-rating your market intelligence. Do you always know what your people hear?

Now may be the time to review your sales process and, perhaps, drop your weaker distributors before you are fighting for what little is left if they go down. And as for the good people, support them. In these times, distributors are reluctant to tie up money in holding excess stock. Find ways to motivate them. Can you provide a discount if they buy early? Is your returns policy generous enough to ensure that distribution stocks all of your products and not just a sub-set? Can you ship quickly so that the things they need and can't stock get into their hands without hassle?

However, be careful of your distribution strategy. As I have said before, there is evidence that trusted brands are especially valued in recessions and so you must ensure that expanding into new lower-priced areas doesn't damage your brand. And as for keeping your enemies close, if you drop your weaker distributors or sales people, now might just be the time to enhance your sales team by utilising those 'let go' by competitor companies. They will have a point to prove!

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