

Q10: TALKING HEADS

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IN THE SPOTLIGHT: Ben Fountain poses the questions to Kevin Coleman, founder and MD of Alliantus

1) You come from an ICT background. Does this inform your approach to marketing in general and the recession in particular?

In some ways it probably does colour the way I think about things but I temper this with my experience as a consumer.

One of the things I learned very early on is that good ideas transfer across sectors provided that you can modify them to fit your circumstances. For example, buy one get one free can become buy ten get one free if there is stock to shift, or discounts don't allow a two for one deal. The marketing principles stay the same across all sectors and at its simplest level it's always about right product at right price to the right person in the right place at the right time.

What really colours my approach to the recession is the memory of the microcomputer industry's own downturn in 1984/85 – some will recall it as the time when the UK industry was diminished – we lost Oric and Dragon and this also impacted on Sinclair and Acorn.

I was a young starter in this industry who had given up relative security elsewhere to come back to Cambridge. In addition, later I saw the impact of the crisis in Japan when their economic bubble burst; many Japanese salary men realised they didn't have a job for life and I had many taxi rides where the driver was an ex-executive.

2) How much truth is there in the somewhat flippant statement that a recession provides unique opportunities?

Lets not kid ourselves, there will be a lot of pain for many people, and, sadly, companies will go under. Many companies will have to cut back because they cannot afford to take things forward in the same way.

However, if competitors cut back and you can afford not to, you can improve your market share and get a better return on your investment at a much lower cost than during the good times. It's simple when you think about it; when a company spends money it goes further if the competitors are not there to answer by promoting themselves.

Any change in market conditions brings opportunities for some, and it's whether on balance the positives outweigh the negatives. If you are out of work, 20 per cent off on the high street doesn't count for much.

3) How is the downturn impinging on your business?

We don't have a huge number of clients at any one time so change is fairly constant for us. However, nobody is immune and things have slowed down for us, too, because people aren't committing as fast as we would like. What this means is that we are getting our



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heads down and doing those things that we advise others to do. We are raising our profile, talking to our friends and associates, revamping the services and promoting them more than we have needed to do in the past.

4) What bearing does the international nature of the economic downturn have on a business' ability to successfully navigate it?

If you want that big overseas deal, or want to cultivate the overseas relation-

THE COMPANY

Alliantus is a Cambridge consultancy that has practical experience of helping technology companies to achieve business success. It has expertise of value to those who need to drive an organisation forward: introducing new (or evaluating old) business processes, launching new products or services, restructuring marketing activities, or designing and managing international expansion programmes.

The company has spent many years developing a network of high-level industry contacts to which it introduces its clients, to help them develop their businesses in appropriate overseas markets.

The company has worked as consultants for government agencies. It assisted UKTI/BERR to develop and then implement its industry strategy for the Interactive Leisure and Entertainment Software sector and was contracted to Invest NI to help develop Northern Ireland's digital media plans. In 2007, it evaluated the mobile telecoms markets in Russia and Brazil on behalf of UKTI. It has also worked with ICT companies, support agencies and trade associations, in Australia, China, Japan, Korea, New Zealand and the US.

ship, then now is the time to do it. There are fewer people trying to talk to your targets (because they aren't travelling) and you will stand out because you bothered to be there. In uncertain times, customers need reassurance and if you are there, visiting the office, they feel better about you.

5) There has been some talk of the Cambridge area being insulated from the worst effects. Can you see this being the case in the longer term?

I hope so but I don't really see how it can be. Certainly, companies that have 'guaranteed' funding or have a healthy bank balance are well placed but many others are providing 'technologies' or 'services' to big players. If the bigger players stop spending there will be a knock-on effect.

Companies need to get even closer to their customers. In difficult times it is important that you nurture these relationships, being fair and trustworthy, because when there are purchases to be made you will want them to remember you and be on your side. You need to look for new customers too, perhaps in slightly different sectors or countries (if possible) to spread the risk.

6) How is the current recession different from those that have gone before (or at least the one that you have experienced)?

It is hard to say for sure because I'm a different person, with different experiences and skills. I now feel more in control because it is my business and I'm not at the mercy of an employer.

On the other hand, this recession is talked about in a completely different way; it is global not national, information sources are better and deliver faster than even twenty odd years ago, the hit on the financial sector is much greater than anything in my lifetime and consumer confidence appears to be much lower than before.

7) How is the recession manifesting itself for local tech companies?

I can't speak for all but I know of examples where blue chip clients have delayed decision-making or taken a lower-cost option. One example, is of a multi-national that has stopped its spending until well into the New Year because it wants to show a bigger profit on its books and this has impacted on one of the local companies that I know.

An insurance company went for a lower cost but different solution to that provided by a company I have worked with.

At the Cambridge Wireless events that I attend, there is concern about the future but this is not universal and everyone appears to be working hard to build business and firmly believes in what they are doing, which is great. There is a great sense of community and peer support is really important in these times.

8) How do you expect the business landscape to be shaped by the downturn?

We are already seeing companies that had allegedly lost their way over the years (such as Woolworths and MFI), now looking for new owners. Those that don't have the right products, customer relationship, management or systems in place will be the first to suffer and some of these will become casualties no matter what sector they are in.

It is difficult to predict what will happen in the services sector because I think it could go either way. Logic would suggest that using outsourced expertise has its advantages in a time when you are trying to reduce overheads, so this should be advantageous to companies like ours.

However, we have seen lots of illogical things happen already so perhaps companies will just not do things and try and hold out, which will impact on how many employees they can afford, and also on the services they buy.

9) What 3 practical steps can companies take to improve their chances of surviving a prolonged recession?

Companies will need to operate in a style akin to the way that of one of the best premier league soccer teams plays on one of their best days.

Everything needs to be looked at and the business needs to work together to a plan: the tactics have to be right, the goalkeeper on great form, fantastic defenders who don't give away penalties and amazing strikers who score many more times than they miss. (So I am not talking about my team here). What I am saying is that every element of the business needs to work to its best and all of the time – even if it didn't before.

Money is important and companies need to make sure that money comes in when it should and goes out in a controlled (and perhaps better managed way). To support this, in-house intelligence has to be improved so they know what customers want, recognise when their suppliers are suffering (and perhaps either can't supply or are about to offer discounts) and have their finger on the pulse of the distribution or sales channel (so they don't lose on supplying people who can't or don't pay).

They also need to take care of their people even if they have to let some of them go to reduce overheads. They should treat people they have to make redundant as well as they possibly can, because morally they should (but also because they have skills that they might want to get back).

It is also important to keep those that remain, onside, as they will be even more valuable, with fewer people in the organisation – you will need goodwill.

10) The media spotlight on the recession has been particularly glaring this time around. Can you see this having any material effect on the depth or length of it?

We have to be careful we don't talk ourselves down, and I fear that this has been happening particularly in the broadcast media. But we live in a media age and we all have learned to filter the information we receive and most of us know to check our sources. Times are tough but things change and once the news agenda changes a bandwagon will start in another direction.

What concerns me more is that we don't have politicians pulling together at the moment and no matter what party you support now is the time for everyone to find something that they can agree on and start acting for the national good.

Controversial I know, but if UK plc is going to come out of this as a winner it has to start playing as a team and, to continue the sporting metaphor, this may mean bringing on a combination of superstars wearing red, blue and orange because no party has a monopoly on talent.

COMING SOON: Kevin Coleman will be writing a weekly column on Business Weekly's website about fighting the recession. www.businessweekly.co.uk