



THE RECESSION IS OVER. ARE YOU READY FOR A REBOUND?

By Kenneth Hein

An economic recovery is on the way in 2010. Here are essential sales, marketing, finance and personnel strategies to best position your company to take advantage of the upturn.

An economic recovery is imminent. Financial analysts are regularly pointing to positive indicators that suggest the worst may be over. In fact, surveys show that business confidence is increasing for the first time in two years, the real estate market is showing signs of life, recent manufacturing indices prove a resurgence in productivity, and the financial markets worldwide has shown solid recovery.

For those who have struggled in 2009, this is welcome news. However, after everyone breathes a collective sigh of relief, there is work to do. Coming out of the recession, distributors have a unique opportunity to hit the gas and accelerate their businesses.

During this pregnant pause, business owners need to take the opportunity to give their business a thorough check-up to make sure that they are poised for suc-

cess. "When the recovery gets underway, it is amazing how you can go from bust to boom in a matter of days or weeks," says Lisa Anderson, head of LMA Consulting Group.

Once things heat up, distributors will have their hands full. So now is the time to plan. "I'm making sure all my fundamentals are correct for when the smoke clears - whether it's my marketing, my pricing ..." says Pablo Edwards, owner of Superior Promos. "While business is slower it gives you a chance to go back to basics. When business is booming, you're just doing the day-to-day stuff. You just don't have the time or opportunity to sit back and see how this is running or that is running when you are inundated with work."

While prepping themselves now may seem counter-intuitive to some business owners, it is necessary, says

2010



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Patricia Henry Poyle, CEO of Henry Business Solutions. "One critical issue for small- to medium size businesses today as they prepare for either a continuation of the economic downturn, or hopefully a turnaround, is strategic planning," she says. "I realize that it's sometimes difficult for a company's leadership to think beyond making the next payroll, but it absolutely must be done in order to assure your company has a future. A business check-up, or assessment as many call it, is a way to understand your business at a particular moment in time. With your new information, you have the ability to create the right strategic plan best suited for growth."

We have reached out to more than a dozen distributors and experts to get their advice on how companies should prepare themselves in the best ways possible for an economic recovery in 2010. They were asked what companies can do to analyse sales, marketing, finance and personnel to ensure they're ready for the upturn. Here's what they had to say.

Strengthening Sales Strategies

Many distributors who suffered a downswing have realised that it's not all about the top 20% of their customers – the ones that make up 80% of their sales. They understand that in the lean times, as well as moving forward, their entire customer base needs to be attended to. Kris Gregersen, owner of Premium Solutions, says the recession taught him that he always needs to run his business in a proactive manner. "The slowdown makes us look a

little harder at what kind of attrition we've had and why," he says. "We tend to focus on the top customers. The other 80%, we take care of them when they call but we may not be as proactive. That would be

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the main thing. We are now looking a little more carefully at touching base with those people."

Edwards says that it isn't just about broadening the customer base – it's about making sure the salesperson has something to offer. While things are quieter, salespeople have the opportunity to evaluate the marketplace and their competition. "Look out there and see what other people are doing," he says. "Make sure you have unique products and services" that can differentiate your offerings from your closest competitors.

Mark Stevens, author of *Your Management Sucks*, highlights this point by saying distributors need to do everything they can right now to find ways to stand out and capture the attention of customers and prospects. "You need a killer app," he says. "It is your differentiator."

Stevens says most salespeople can't sell because they have nothing interesting to say. "They cannot present their products and services in compelling fashion – in other words, as more than just products or services," he says. "The fact is they have to fall in love with what they are selling."

Still, just because a salesperson is smitten with a product doesn't mean clients will be. It helps to know what customers want. Times are slow for many of them as well. Reach out to them now and do a brief survey to find out their plans for 2010. "It's never been easier than with the online software that exists, such as Survey Monkey or Zoomerang – both free services," says Rodger Roeser, president of Eisen Marketing Group. "You

simply craft a survey and e-mail it to your clients to glean valuable business intelligence. If you're afraid to do that, you're not following a basic tenet of business: listening to your client. Simply asking the question of 'How can we make things even better?' is reward enough in that it lets customers know that their feedback is valued."

Another strategy for business owners to consider is forming an advisory board, says Azita Arvani, president of the Arvani Group Inc. "They are great resources that have an external view of the company and care a lot about the success of the company." He says that the best way to find hot spots or blind spots in your business is to have it "done by a third party so it can be done anonymously and objectively."

Making Marketing Mightier

It seems like Business 101: When money gets tight, scrap the marketing, fast. For some, when the situation is dire, there is no choice. For others, who are looking to seize sales when the floodgates open, marketing should be the last line item cut out of any budget.

How to sell during the downturn

Ways to get salespeople up and running quickly when the business turns around.

For many, finding new business has been tough. However, with signs pointing to a recovery, the purse strings are about to be loosened. When this happens, salespeople need to be ready.

For starters, revisiting dormant clients is a must. Sure, their budgets were frozen. But are they now? "You have to get the piece of the pie when the dollars become available," says Mark Richheimer, director of marketing of Sumar Promotions.

Revisit your database of past prospects as well, says H. David Hennessy, professor of marketing at Babson College. "Identify those that did not buy because of poor timing," he says. "Ask for an appointment to explain how you can help them." He adds that if a buyer you used to work with left a previous workplace, track them down at their new business. Remind them of the products and services you provide.

Also, salespeople need to work their referral network now more than ever. As bud-

gets thaw, buyers will begin asking around. "We are really just trying to dig deeper into the customer base we have. We market more and more to them to try and give them good service," says Rob Howard, vice president of Pinnacle Advertising, a Kaeser & Blair dealer. "We try and get referrals from them. It's a lot

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easier than going in cold."

Of course, value has become a rallying cry for marketers amid the recession. This is a term that distributors should be embracing as well, because even when the spending returns, buyers may remain cautious. Thom Singer, author of Batteries Not Included: 66 Tips to Energize Your Career, says, "In any economy, relationships matter in sales. In small businesses, relationships matter even more. So, always provide more value than they expect." This can be recommending

other people in your network that can help customers or just providing a little extra product or service.

Drew Stevens, author of The Ultimate Business Bible: 12 Strategies for Million Dollar Revenues, believes that distributors need to be selling themselves on the value they provide. "Do not speak in terms of price," he says, "but the value you and your firm provide."

But, perhaps the most important thing a salesperson can do is listen. "If you want to sell better, just shut up," says Steve Fretzin, president of Sales Results Inc. "It's not just about you convincing a potential client that you are right for them. You need to let them talk as much as possible so you can learn about their weaknesses and, in turn, tailor your approach to fit their specific needs."

Singer agrees. "Ask questions," he says. "Be a good listener and let your prospects share their thoughts with you." – KH

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Be sure now that you have the cash flow necessary to adequately fund your business when orders pick up.

"Campaigns in an economic downturn are normally one of the first things to go. However, that is very backwards," says Monique Tatum, owner of Beautiful Planning Marketing Group. Now is the time to ramp up for next year. "Note in what areas your marketing brought in the most sales and then move the majority of your marketing efforts into that marketing arena for good."

For Edwards, marketing dollars have mainly been focused on investing in a new Website. "The functionality is much better," he says. "We have the capability to change products and pricing instead of hiring 10 people to do it. Everything is more automated. We're prepared for next year. We took the opportunity to fix everything that needed to be fixed because I trust that the market is coming back."

Deciding what aspect of marketing to invest in shouldn't be a guessing game, says Gail Lieberman, managing partner of Rudder Capital LLC. She suggests that distributors map out their company's and their competitors' position within a strategic framework. List your com-

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KRIS GREGERSEN, PREMIUM SOLUTIONS

pany's strengths and weaknesses. Identify inefficiencies in the marketplace. Then find the gaps and opportunities.

It also helps to take a close look at everything you know about your customer base. "If you don't have a good database with information about your customers, this is a worthwhile investment," says Lie-

berman. "Do you know your customers' demographics? Who is your customers' customer? What is their lifecycle? What is essential or just nice to have, from their perspective? What are their pain points?"

For many end-users, the breaking point is their budget. And the key for distributors is to create marketing programs that prove the value of promotional products, so clients can see exactly how their budgets are being spent. Kathy Bertrand, vice president of Bertrands, says she is focused right now on identifying price points that appeal to clients. She says she is always looking for the right products at the right price. "We want to keep our prices at the range where people will come here rather than ordering on the Internet," she says. Bertrand has also increased her marketing



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spending, most notably when it comes to self-promos, so that she can show promotional products in action and how effective they can be at spreading a company's marketing message.

Gregersen is also expanding his investment in self-promos. "We're not cutting back on marketing," he says. "We're in the marketing business. But I am, more than ever, looking at what I'm handing out. I'm watching what I do and what gives me the most value."

Many suppliers are offering very favourable deals on self-promos, Gregersen says. "Most are willing to pitch in because they are looking for the business. I'm getting a lot of follow-up calls from suppliers who have quoted a project and it doesn't happen." He says some have offered 20% off of end quantity pricing. "One offered less 40%," he says. "They are offering cheaper prices for distributors looking to do self-promos. I'm always looking at specials to determine what kind of products I can give."

Building Financial Flexibility

For some distributors, the idea of creating a budget seems like an exercise in futility. Sure, big businesses can draw up quarterly plans and sophisticated annual P&L reports, but smaller operations need to act and react according to the situation at hand. Still, budgeting and forecasting for 2010 are things that every smart business owner must do at this point.

"One of the best ways you can stay on track and plan for the future is to create a budget. It may sound like an onerous task, but it doesn't have to be," says small-business finance expert Andrea Moe. Pick

the areas of your business that tend to have the most activity or uncertainty, Moe says. "Maybe this is keeping your vendor payments under a certain number of days outstanding or managing the amount of cash on hand so your business can be as flexible as possible."

Anderson agrees, saying that now is the perfect time to prepare budgets and finances so they're in top shape when the pace of orders increases. "There is no more important time to focus on flexibility than when preparing for a recovery," she says. To create flexibility in a business, managers need to do a critical analysis of their operations and determine where staffers can do each other's jobs or where part-time workers can be used.

Budgeting in such a way is often overlooked, Anderson says, "not because its importance isn't understood, but due to time limitations. However, it is the key to success. There is a fine line between preparing for a recovery and creating a path to disaster by overspending into a cash crisis."

Of course, monitoring cash flow is a smart practice no matter what the economic climate. "Ask yourself, is my cash flow allowing me to operate the way I need to?" says Moe. "How is my business performing financially compared to my competitors? Are my processes, which may be simple, allowing things to fall through the cracks?"

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Flexibility is the key to preparing your company’s finances for an upturn. You need to know that you have some financial cushion, so that when a new large order comes in – or you suddenly take on five new clients in the span of a month – you’ll actually be able to fund these orders. Distributors can get into a cash crunch when they grow too fast and don’t have the cashflow to fund orders upfront, before being paid by clients. Ramping

up during an economic upturn can feel like the same situation. Be sure now that you have the cashflow necessary to adequately fund your business when orders pick up.

If the finances of your company look strong after you analyse them, then don’t be afraid to invest in the business. Tony Abdalla of Images Added says after a good year, he has decided to expand into a new office and showroom. “I found a great location next to a UPS Store,”

he says. He plans on purchasing new equipment so he can crank out orders in smaller quantities than many of his competitors in the area. “Having a shopfront is a little better than calling them individually,” he says. “I was very successful this year.”

Perk Up Your Personnel

For distributors with large or small staffs, perhaps the trickiest aspect of the economic downturn was whether or not to lay anyone off. Beyond that, it was not uncommon to cut salaries or implement mandatory holidays to cut back on expenses.

Owners and managers need to tread carefully, says Zan Blue, partner with the national employment law firm Constangy, Brooks & Smith. “Business is made up of three things,” Blue says. “They have money, stuff like equipment, inventory, computers, and people. The most important are the people.” Still, “The people are perceived, in many cases, as the expense that has to be cut with layoffs, furloughs, salary reductions and benefit cuts,” Blue says. Managed properly, this often-necessary strategy can be successful. “Missteps, however, can become major miscues later because people have long memories.” There are some questions business owners should ask themselves about their employees, according to Blue: Do they have the skills they will need when the economy

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Ramp Up Online Marketing Efforts

Here are five ways for distributors to capitalise on expanding business in 2010 by embracing online marketing strategies.

1 - Get on the social networks. Create a profile on Facebook, LinkedIn and Twitter. It's free. You can hook up with old friends and clients, as well as find new employees.

2 - Start a blog. Blogging software is easy to come by and easy to use. Find a topic that will resonate with your audience and start posting. Also, make sure to leave comments on other blogs so you can create a voice for yourself in online communities.

3 - Send out an e-newsletter. A great

way to keep in touch with clients and prospects, e-mail newsletters should provide some value to their businesses. Provide case studies, product ideas and promotional campaign concepts that they can use in their own marketing efforts. Give advice – not a hard sell.

4 - Create an online video or podcast. Again, the technology is available to create simple audio and video. Choose a subject like green marketing, product safety or another hot topic and post your content on your site, YouTube,

Google video and iTunes.

5 - Write a press release. If you have some news, put a spotlight on it by writing a press release and posting it to your site. Sign up for Google Alerts to learn more about what's going on in the industry (and with your competition). Then, target your press release to the reporters who penned the related articles.



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recovers? Is there training and development that needs to be done to be ready? Have we cut to the point where our employees question whether management cares about their families? Have we avoided training, such as discrimination and harassment training, such that the failure may come back to haunt us in the future? Now is the time to evaluate your bench strength, invest in your employees and "re-recruit" your best people, according to Mark Williams of Robert Half Management Resources.

Organisations that scaled back on training, trade show attendance and development should reinstitute such initiatives. "Firms that invest in staff training better

prepare their teams for new business opportunities," he says. "Professional development also boosts employee job satisfaction." This is important to keep in mind, as there is a good chance that top performers will be approached with offers once the economy turns around. Protecting your top performers and maintaining their loyalty to your organisation may be the most important thing distributor executives can do right now. You need these people at their best to fully take advantage of an economic turnaround. "Managers should meet with their best people now to discuss their careers and remind them how much their contributions are valued," Williams says. On the

flip side, Williams notes that many skilled professionals are currently unemployed. So, "This can be an ideal time for a talent upgrade," he says. Lastly, there is a simple way to both prep for the future and keep employees engaged: Ask for their input about the business. "Quite often it is your frontline staff that has the best view of potential opportunities for improvement," says Mitchell Rosenberg of M.M. Rosenberg & Associates. "Creating an opportunity for input and influence not only improves your business processes, but creates an organisational environment that increases the level of connection and commitment amongst your employee base."

Five Fundamental Business Health Questions

Sara LaForest, co-founder of Kubica & LaForest Consulting, says, "Far too often, small- to medium-size businesses fail to take an objective and dispassionate view of their operations, or they focus on one component of the business, such as sales. We believe in simple, evidence-based questions to help businesses build awareness of their current state and determine how to best position themselves for future success."

Here are five questions that distributors should ask themselves when trying to analyse their business and prepare it for an upturn in orders in 2010:

- 1 - What's working and how do you know?
- 2 - What's not working and how do you know?
- 3 - What do you want to achieve, and what

do you need to avoid, eliminate and safeguard?

- 4 - What could you be doing to better prepare and best position your company for the ongoing recession and imminent rebound?
- 5 - What are your next best steps to sustain the business now and position it for a rebound?

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