



By Business Guru and MLN Ambassador Rene Carayol MBE

The Road to Recovery: Positive Thinking

Make no mistake, we are on the road to recovery. The question is how businesses will behave at this critical time.

In the good times, organisations grow flabby, comfortable and perhaps a little complacent. But recessions provide an opportunity to get back into shape. No matter how big or small your business, it is a time to put right all the profligacy and excess from the boom.

By excess, I mean the likes of exorbitant hires that go wrong; the launching of products that wouldn't be touched in the lean times; fuelling advertising and marketing campaigns with little regard for return on investment; expanding into territories that haven't been researched or experienced; or moving into unnecessary & expensive new buildings.

With a recovery ahead, we stand in a transition phase in which few people will resist changes, be they regulators, consumers or your staff. After all, in the teeth of a recession, tough decisions must be made and everyone knows that.

With this in mind, never waste a good crisis. Don't let the opportunity slip to make all the positive changes you have been thinking about but have not been brave enough to implement.

Far too many businesses have become obsessed with tactical cost-cutting, which is often unsustainable and has the corrosive effect of breathing low morale into the workforce.

Whether savings are made by doing away with training and development or slashing marketing budgets, it is clear that these measures can only work in the short term.

The answer is to reinvent your business. Start listening to your customers and frontline operators and you will immediately know what the real problems are and how they should be fixed.

And if listening to customers is step one on the road to recovery, step two is acting on that information. Businesses can do so much more for their customers and people in a recession than they can in the good times, yet few do.

One of the oldest of adages about corporate culture - that the way staff are treated is the way they will treat customers - has not been lost on the smartest organisations.

Take Richer Sounds. The hi-fi and television retailer operates out of no-nonsense stores in parts of towns that are sometimes less than salubrious, but it has fabulous customer service. All the company's staff are passionate about what they sell and want to show off their expertise. Richer Sounds only employs enthusiasts, and this shines through.

In tough times, people need to know more about the products they are spending large amounts of money on, be they televisions or hi-fis. They want to know that what they are buying is right for them and they don't want to purchase the goods anonymously on the internet, even if they are slightly cheaper online. They want face-to-face interaction; they want to be able to touch, feel and hear what they are buying.

Another example is Spar, the grocery chain. Spar couldn't compete with the Tesco Express juggernaut, so the company's managers decided to make their stores entirely local - with local offers, local staff, local produce and local customs. The approach has bred loyalty.

During the boom at the turn of the century, Tesco, the UK's largest retailer, was at the peak of its

powers, having achieved its monumental expansion through the brilliant mining of its Clubcard loyalty data. The company built a super-efficient shopping experience that never touched, engaged or "knew" its customers, but delivered their perceived requirements every time.

Yet in the downturn, customers demanded more. They wanted to know that organisations cared about them and their custom. As a result, rival supermarket Asda embarked on a programme to engage with its staff who, in turn, decided to engage with their customers.

Asda has two principles. The first is to offer everyday low prices to everyone. The second is to ask everybody that applies to join the Asda team, "do you love people?" If the answer is no, applicants progress no further.

Recent results for the company were encouraging: in August, like-for-like sales, excluding fuel, were up 7.2 per cent on 2008 levels, and Asda stores were attracting 18m shoppers a week.

To sum it up, companies that create positive experiences will reap rewards in the upturn.

British Airways, however, is doing the opposite. An important source of revenue for the beleaguered airline has been the premium prices paid for its first-class and business-class seats. In the recession, it was forced to cut prices - making its loyal customers feel that they had been made to pay over the odds in the good times. Surely there can be no going back.

But these stories merely make a case in point. On the road to recovery, optimism must be a force multiplier.

The most lethal combination is a pessimist and a recession. Those that will come out of recession first will be those who act like they can. They will gravitate towards an opportunity, praise their people and continue marketing aggressively.

After all, businesses get the recovery that they deserve.

RENE'S TOP TIPS FOR THE RECOVERY

Take Your Angriest Customer to Lunch

We learn most from those we disappoint. So when a customer leaves your business, have the courage to invite them out to lunch and ask them why.

It could be the best bit of free consultancy you ever get...as long as you act on the feedback.

Take A Closer Look

Think Mont Blanc. They moved from being the world's greatest pen maker to a luxury brand.

Think Swatch. They went from having obsolete analogue technology to becoming a disposable fashion accessory.

Dare to be different; it pays in the long term.

Engage Not Cage

Far too many businesses have been practising the latest marketing fad of segmentation.

This usually means putting your customers in nice, well structured and well thought out boxes. As we come out of recession many of these time honoured boxes are no longer relevant. Our customers are changing their habits and consequently we need to change with them. By keeping close to and engaging with our customers we will be able to anticipate their changing needs. It's all about engagement and not putting people in boxes.

Remember one size fits no-one.

What Do You Think?

ASDA ask their stores EVERY week what they could be doing better. Some companies call it an "Employee Opinion Survey." ASDA simply call it "we're listening."

Google only ask their staff to work four days a week as the fifth day is a thinking day.

They would have us believe 80% of the corporation's innovation comes from that fifth day.

Word of Mouse

Customers are becoming cynical about company brands and are once more relying on personal recommendations.

We are seeing the rise and rise of social networking. What are you doing to connect with your customers through social networking sites?

Strange Bedfellows.....Collaboration Works

In probably the most competitive arena in the world today, no national airline carrier makes money from their short-haul routes in Europe. The budget airlines are so aggressive that it would be commercial suicide to try and compete with them. All the national carriers operating in Europe make their profits from long haul flights.

They have formed networks like One World and Star Alliance where they will share planes, ticketing systems, landing slots, catering and absolutely anything else that enables them to stay alive in the competitive bloodbath that Europe has become. Whilst collaborating in Europe, they compete like hell for the long haul custom.

So who are you collaborating with today? Have you considered sleeping with the enemy?

Maybe it's time that you should.