

Desperate Economic Times, Desperate Business Measures

Focusing on the Short Term Creates Long Term Business Problems

By

Howard Lewinter, Business Management Specialist

In these days of economic uncertainty there's an undeniable sense of unease in the business world. Will the stock market go back up? Will consumer confidence return? Will your business survive the economic downturn? For many CEOs, company presidents and business owners facing a myriad of difficult decisions associated with the economic slowdown, desperate business times are here. And, as the saying goes, desperate times call for desperate measures.

Unfortunately, for many business people the compelling drive to *do something, anything*, just to make the problem go away, all too often translates into an act of desperation that can have a chilling effect on their business. These business people can become virtually paralyzed and act simply for the sake of acting – a very costly business mistake that can create much larger problems.

Nowhere is it more evident of how business people can make mistakes when feeling pushed than in the day-to-day decision making process of those desperate to survive a business downturn – or even worse, the dreaded “r” word, recession.

Across virtually every sector of the economy business people are irrationally slashing budgets, promptly canceling everything from marketing campaigns to sales training programs. This is a classic move of desperation, and, in fact, one of the most costly mistakes a business person can make.

Smart business people know that instead of just making random budget cuts they must re-examine each aspect of their business to determine not just where to cut – but surprisingly, also where to increase – the budget to ensure the company can remain competitive and profitable; or at the very least, break even during challenging business times.

Desperate Economic Times, Desperate Business Measures

Howard Lewinter, Business Management Specialist

www.TalkBusinessWithHoward.com 888-738-1855

Copyright 2008. All Rights Reserved.

Of course business people may be cutting expenses for valid reasons. But they must be careful to think through their actions and not simply cut expenses for the immediate relief associated with the bottom line. Sometimes you need to open your wallet in order to move your business ahead – in short, you need to spend money to make money.

For example, many business people looking through the budget to find places to slash costs stop looking exactly where the marketing and advertising budget begins. This can be an extremely serious business mistake, particularly in a slow economy. Without a specific marketing and advertising campaign, how can there be a steady stream of customers? Plus a targeted marketing and advertising plan keeps customers aware of the business which brings repeat sales opportunities.

Smart business people realize that a difficult economic environment calls for an increased marketing campaign. As other companies mistakenly cut advertising budgets those willing to invest in expanded programs will benefit from the less competitive environment. If budget cuts are unavoidable, be creative and look for alternative, less costly vehicles for communicating the company message. This can include a mix of online internet marketing and offline direct marketing techniques. The overall goal is to effectively get the company message out and in front of the customer.

Another costly business mistake desperate business people make is cutting back on employee training programs. On the surface this may seem to be a good place to cut back on costs, but when you consider the toll it takes on employee morale and work dedication, it suddenly seems like the worst place to make cuts. For customers, employees literally are the face of any company. Having the most highly skilled and thoroughly trained workers in the marketplace is a real competitive advantage. A highly skilled workforce is a powerful competitive advantage that can often be the deciding factor for potential customers.

In fact, business people frequently make costly business mistakes out of desperation when dealing with workforce issues. Imagine, for example that you need to hire a new

employee. As the position remains open, work is piling up and things are simply not getting done. As a result, productivity is down, which is always a serious business issue but one that can be particularly fatal in tough economic times. You console yourself, however, with the thought that once you hire the employee the company will be back on track. As a result, you immediately hire an employee, regardless of whether the individual is the best candidate for the job or not.

The new employee will only solve the problem if he or she is the right employee – the wrong employee will simply create another problem. In the long run it is much better to keep the job slot empty than to just fill it with a “body” or someone who is only partially right for the job.

Of course the inherent message desperate times bring is that things must change. But for many CEOs, company presidents and business owners who are too close to the day-to-day operations correctly identifying where the changes must be made can be impossible. For these business leaders the discerning counsel of a seasoned business consultant can mean the difference between a company that successfully manages the necessary changes and a company that doesn't. An objective, yet encouraging third party may be just what is needed when the business is not performing as expected. Later, after the company is once again flourishing, the business consultant can help push the company forward into the next level of growth.

So when business problems seem insurmountable and you're feeling desperate, don't lose sight of what's important and what's not. Be sure to think in terms of the long term big picture instead of giving into the short term temptation of a quick fix solution. Lay the groundwork now for your company's solid day-to-day performance. Acting thoughtfully today will ensure your company continues to grow and prosper, perhaps even benefiting from rash and hasty moves of the desperate competition.

Howard Lewinter, Business Management Specialist, is the business expert CEOs, company presidents and business owners throughout the United States consult to solve business problems and business issues, to lessen business stress and to achieve more company profit and growth. For more information on Howard's unique style of business consulting go to Howard's blog: <http://www.TalkBusinessWithHoward.com> or call Howard direct, toll-free at 888-738-1855. Howard offers a free weekly newsletter with business advice, ideas and business perspective. Sign up for Howard's newsletter at: <http://www.TalkBusinessWithHoward.com>.