

Business is a state of mind!

Many of my friends from industry have asked for my opinion on the economic crisis and its impact on business. My answer to them is that a key problem is that companies simply do not internalise the proper actions to take in order to respond to such a situation.

Yes, I see companies cutting expenses, freezing investments, and releasing people and so forth because they are afraid that sales will fall.

My opinion is that if a company wants to, it can move through this time, without suffering awful consequences, simply by turning the opportunity of *having to something* into prudent action. If companies take the right steps then I think they can come out of the crisis much stronger than when they entered it. Let me explain...

In some companies – particularly long established and mature ones – it seems that when returns are not high enough, managers downgrade service to customers, tell staff to work longer hours and attempt to extract larger discounts from suppliers. They see this as the only way to sustain profit or at best remain in business.

They seem unable to detect a positive connection between doing something differently to give better service to customers, getting people to work more effectively rather than just longer – or shorter hours and integrating suppliers to better effect rather than just looking for cheaper sources!

**Even in tough times
dynamic business
leaders will improve
operational
effectiveness and find
ways to offer better
service and value to
customers.**

Enterprising managers believe that even in such adverse and turbulent environments, companies are not only able to give good service and value to customers, but also improve the lot of employees and treat their suppliers and distributors properly too.

The creative manager sees the way out through rethinking the business, and they typically start with the customer. They build customer service in stages. A start would be a

speedier service and ensuring that products and services arrive on time and in the right quality.

How the new heroes will make it happen!



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The Strategist's Choice

A more accurate service flags up inefficiencies in production and operating systems as well as encouraging customers to pay on time and in full.

Simultaneously, product quality can be improved by eliminating errors and reducing rejects. Although this may require investment, much of it would be modest, thus costs can be quickly lowered.

Innovation and new product or service introduction can follow later, but again the focus is customer value.

Ultimately the awakening company can become so much better than its rivals; it can produce new and attractive products with excellent performance at comparable or even lower prices than rivals and still seek better and rising profitability.

This customer-slanted approach is central and to business purpose and action. Management can use it to treat other stakeholders fairly too. Building customer value does not only improve profitability, but it is also consistent with treating staff better, raising wages and giving them better working conditions even in tough times!

The new heroes will immunise their companies against drift of all kinds and in the process develop realistic assumptions about their markets, specifically their customers, essential technologies and the distinctive capabilities required to achieve their business goals

Industry's new heroes will immunise themselves against future crises with:

1. a more accurate service
2. fewer inefficiencies in production...
3. new markets and
4. essential technologies and capabilities

required to fulfil their business goals.



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