

Attachment to 'Management Memos' - September 2008

In the face of rising economic storm clouds, there are many steps we can take to ride out the rough, and finish up stronger than before. Here are the major things you need to do to resist the economic pressures building in your nation's economy. It's a lot like the aftermath of the Oil Shock of 1973!

1. Maximize Prices

We are all convinced that our prices really couldn't go any higher, but experience with clients one after the other is that there is still 'money on the table'. Review your prices with someone outside your company and outside your industry. Use the Full Value Pricing tool described elsewhere. Max out those prices!

Maximising your prices now does two things. First, it maximises your positive cash flow now, and enhances your resilience. Second, it gives more room to move if a crunch comes.

2. Maximize Productivity

When things are good, and generally they have been very good for the last few years, staff productivity declines. It happens for a number of different reasons, but now is the time to tighten up.

That means you need to set out what constitutes acceptable output for everyone in the place. It is possible for a business of 10 people to increase productivity to need only nine people. Retrenchment is a tough decision, but one made easier if there is time to plan.

To make this work you'll need 'KPI's, and 'KPM's. Key Performance Indicators and Key Performance Measures. Sounds a bit pretentious and pointless gobbledegook. But it works!!!

3. Maximize your Marketing Effectiveness

No! Not maximize your marketing expenditure! Maximize the effectiveness of everything you undertake! Now is the time to focus all your marketing resources on those things that make a difference. Build market share for your 'cash cows' - forget the 'rats and mice' of your product range. Only key categories rate here. The rest are only interesting diversions. Keep them on sale, but cut them loose when it comes to marketing expenditure.

Don't fall for the old 'three card trick' of diversification. It will be a disaster in tight times!

4. Connect with Your Customers

As things get tighter, you'll need to know what your customer is thinking. You'll need to anticipate their changing needs as they too face tight circumstances. The only way to do that is to dramatically improve our customer communications. Start that right now. Not sure how? Ask!



There is no 'one-size-fits-all' solution here. You will need to plan the responses for your business, and your business alone!

But you are not alone! There are many sources of help for business owners and managers to carry out these important management refinements.

Visit www.myredzebra.com

In Australia: Telephone **1800 246 789**

In New Zealand: **+613 9870 9777**