



Nine Things You Can Do To Survive a Down Market (and exit stronger, poised to succeed)

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An economic slowdown is a time of increased stress on business owners of all sized businesses, most severely, however, on small staffing and recruiting business owners. Small business owners have fewer options than larger companies, as well as smaller cash reserves. The key goals for a small business owner in an economic slowdown are to “weather the storm”, and keep the business going through the downturn, and prepare the company to “hit the ground running” as the economic environment begins to improve. However, this is easier said than done when the phone stops ringing, their customers pay slower, and their banker and suppliers get anxious.

About David Jenkins, Founder, TDnJ Consulting, LLC

After spending 28 years in the IT Services and Staffing industry, the last 17 as CIO/Managing Director of Analysts International, a \$360M services and solutions firm headquartered in Minneapolis, David left to start TDnJ Business Consulting. A business advisory focused on small to medium enterprises (SME), it functions as a “fractional” COO to its clients. David also founded Medical Concepts Staffing, a healthcare staffing subsidiary of Analysts International, located in Atlanta, Austin, and San Antonio.



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After working with many small businesses, over the years, and going through significant up's and down's in the economy, I have generated a list of activities that you, the staffing and recruiting business owner, should be doing in an economic downturn, allowing you to take some advantage of the slower pace and reduce some of your costs.

Don't sit and wallow in things you cannot control. The economy is terrible and you, alone, can't fix it. So, get over it and busy yourself with getting prepared for the recovery. It is



much more productive and you will be better poised to leverage opportunity when it begins to return. Here are some of the things you can be doing:

1. Over-communicate with everyone:

- With your Employees. In a time of such uncertainty, your employees are being bombarded with all sorts of negative rumors about profit shortfalls, job and expense reductions, etc. Get them together often to review how things are going and what your next steps might be. Show them that you have a plan to work through the downturn and be ready for the upturn. Communicating also means not sending the wrong message. It might not be the best time for you to take a 3 week ski trip to the Swiss Alps. Just because you can afford it doesn't mean it is the best thing to do. Your employees are struggling to make ends meet and they probably won't appreciate having luxury dominate the office water-fountain conversation.
- With your Customers. You never want your customers to think that you're in trouble and won't be able to service their account. Get to them often with new products, programs or prices. Look for innovative ways to help them with their business that may be outside of your current products or services. They'll appreciate your interest.
- With your Banker. Banks don't like surprises and would be much more likely to help extend your terms or reduce your rates if you kept them abreast with the business situations you're facing, the progress you're making and the performance you're expecting. A confident bank is a responsive bank.

2. Watch your Cash Flow.

Eliminate as many unnecessary, non-strategic expenses as possible, and postpone non-urgent expenses to a later date. Your primary goal is to be able to make payroll, even when sales are soft. You may even have to ask your employees to join you in a temporary pay cut; this should, however, always lead from the top. You need to find a way to hold on to your key employees. They will find that a safe position at a temporarily lower salary is better than no job at all. Even go as far as to establish targets for recovery with bonuses & raises to return them to previous levels of compensation.

3. Continue to Advertise.

Every business owner's tendency is to cut advertising when times get tough. By continuing to advertise, you seize an opportunity to take "Top of mind" awareness away from some of



your competitors. Your customers will also feel more confident that you'll be around for the long term. Find ways to get your name out in articles, notices, etc.

4. Look for New Markets for your Products or Services.

Identify and contact new potential customers in new business type or geographic markets that could use your product or service. They're looking for ways to improve their business, just like you, and may find your offering an interesting alternative. Identify and contact companies that might use your product or service in new applications. For example, can your product be used outdoors as well as indoors? Can it be accessed on-line? Etc.

5. Dig Deeper into your Profit Model.

You now have some additional time to look into what products or services are really generating the profits and which are not. Is that customer that's generating 20% of your sales using 50% of your operating costs? Are you actually making profit on that high volume product line? Knowing these answers, you can change pricing, components, services to maximize the profitability of the products and services you offer.

6. Build a "Dream Team".

Balance the workload and eliminate surplus bandwidth. Move full time employees that are not 100% busy to part time positions. Eliminate part time positions that can be picked-up by other existing employees. Pass some of the savings back to the remaining employees that are left to carry the extra load. They'll be more motivated. If you can afford it, try to pick-up some of the well-qualified talent that may have become available from your competition. They'll be grateful for the job and motivated to prove their worth. It is an opportunity that doesn't pass often (thank heavens) to build a world class team. You can weed out weak/poor performers and add outstanding talent from your competitors. This is no time to protect family and friends, especially at the expense of your business.

7. Train your Employees.

If you can afford it, get your employees trained on skills that can improve their productivity and workload. There are numerous training sources available at little or no cost. Explore internal skills that can be propagated to others with no cost, by holding internal peer-to-peer training. Check with your local chamber of commerce, local colleges/universities (business incubators). Look to team with competitors to share costs and leverage reduced pricing with volume.



8. Renegotiate With Your Vendors.

Offer exclusive opportunities to those that would respond to greater opportunity with better pricing. Honor, but leverage long-term relationships.

9. Implement Systems & Automations That Will “Make a Difference”.

There is never a less impacting time to implement recruiting software or staffing software systems and automations than when things are slow. You will be poised to leverage the competitive advantage when opportunity returns.

While your competition is sitting around worrying about how they are going to survive, you are preparing to “eat their lunch” when business turns around. You won’t be taking the time when everyone should be focused on capturing market share to implement systems because you are then confident enough in your business to invest in it; be confident that you will survive and excel when business picks up. It sends a very strong message to your employees and your customers.

Focus on Return.

Obviously, you may not be able to get all of these ideas implemented. So, pick the ones that will give you the best “Bang for the Buck” and get started. The more focused and harder you work during these down times, the less time you’ll have to worry and the better you’ll come out in the upturn.

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