

Business Success in an Uncertain Market

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The stock market is on a daily roller coaster ride, oil prices are advancing and receding weekly, credit markets are tight, banks are foreclosing on homeowners and writing off bad loans, industry segments such as construction, furniture and major appliances are under siege. This is market uncertainty!

The question therefore is not 'will' my business be impacted but 'how'? Can you really afford to wait around and hope that your company will succeed? What are you doing to hopefully offset this threat?

Whenever there is a threat or potential threat you need to increase your vigilance...just as the military does when the troops are under threat. You need to identify the threat as early as possible...long before it has the potential for hurting your business. You need to try to turn the threat into an opportunity by figuring out how to use the change in market conditions or threat to your advantage. And you need to take action to protect your business. But what should you do?

Small and mid-sized businesses are particularly vulnerable to threats because they are often strapped for resources. At Growth Strategy Partners our research has uncovered four ways to be successful in an uncertain market – **forecast, planning focus and flexibility.**

Forecast

Start by forecasting market changes or potential market changes. Make a list of all the potential changes that could impact your business, such as oil prices, tight credit, poor economy, new government regulations, new technology, new direct competitors (competitors who provide products and services like yours), new indirect competitors (companies whose products or services may become a substitute for yours). Then add to the list the potential impact on your business if each of those changes takes place. Lastly, determine the probability of that market change. From the analysis you just created, identify the top three risks to your business.

We recently consulted with a client on whose number one product line, which made up 50% of sales, had the potential to be eliminated due to regulatory issues. No new regulations had been issued, but the threat was real. First the company identified the early warning signs that their product could be impacted. Next they created a contingency plan to ensure that they knew what to do when the warning signs were evident. In the meantime, of course, they are introducing new products that would not be affected by regulations and spreading their business revenues more broadly. This forecasting and contingency planning process is not only reducing this company's risks but also diversifying its revenue streams.

Planning

Create contingency plans for the top three risks to your business. Document your assumptions about the current situation and create measurements that will help you know when it is time to take action and begin to implement the contingency plans. When key changes are evident, execute the plan.

Focus

Narrow your business focus to only what is most critical. This is a good time to rationalize product and service offerings, as well as evaluate the long term value of marginal clients. When a market has significant business uncertainty it is not a good time to be maintaining unprofitable products, services or clients. If there is a segment of your business that is not under threat, shift resources and strategies to maximize opportunities in those segments of the business.

Flexibility

Keep your costs and operations flexible so that you can expand and contract with the market. Know your break even point and your fixed costs. Evaluate how you can make your business more flexible by outsourcing, renegotiating contracts, developing flexible staffing plans or asking employees to take a temporary cut in pay. Another approach is you can evaluate each employee's contribution to profits and adjust staffing accordingly.

We all know that 2008 will be a challenging year for most businesses. The question is what are you doing about it?

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***Growth Strategy Partners LLC** is a research based management consulting firm that accelerates the revenue, profit and talent growth of private companies by implementing the 7 Keys to Growth that their research has found to be instrumental for sustained growth.*

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