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Recession suppression

Changing a few old habits can lead to increased business profits

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The jury is still out as to whether the economy is in a recession, but don't let the "R" word make you think you have to accept a lower profit margin, according to Stow business consultant Dennis Sommer.

While many companies tend to "hunker down and weather the storm," Sommer, founder of Executive Business Advisers, says this is no time to stop pursuing financial growth. It is, however, a time to change some old habits.

Business owners "will do the same old thing they've done in the past and hope it gets better next year," said Sommer, who has been advising clients and speaking about profits for the past five economically challenged years. "They are uncomfortable with change."

But a recent marketing survey says companies that changed their focus instead of their product or service in tight financial times reported an average 30 percent profit growth, Sommer said.

Rather than offer discounts, successful companies improve their customer service and add value to what they do.

"You're not just a product. You're a specialist helping a customer do X, Y or Z. You need to sell that. Get them to see you're different, not just a product," he said.

Sommer offered these 10 tips for growing your business during a recession:

- **Concentrate on value before brand.** Spend less money on advertising your brand or company name and spend it on something that invites more interaction with your consumer and shows what a value your product or service can be. Create online seminars ("webinars") on a topic that your product or service addresses, or offer a free trial to get people to try your company.

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- **Fix that ineffective Web site.** If you're not converting 10 percent of your Web site visitors into leads (i.e., a phone call or e-mail inquiry), then you need to revise your Web content. "Many companies talk about themselves or their awards, but they don't tell the (consumer) what they intend to do for them. What are you offering me? Fix my problem. Make me feel better, be wealthier, whatever. Within an hour, you could rewrite that Web page to start converting a lot more customers," Sommer said.
- **Forget last year.** Stop mulling over your past successes and thinking the same strategy will work for the future. The rules change all the time. Constantly re-evaluate your industry, competition and economic conditions, then modify your strategy.
- **Just say "No."** When times are tough, it's tempting to say "Yes" to all new business. But if you pursue or accept business that doesn't meet your minimum profit expectation, you'll be wasting precious energy and resources. Instead of competing with others by lowering your price or your standards, focus on ways to make your product or service far better than that of your competition.
- **Keep score.** While companies routinely measure revenue or sales, many don't track things like customer conversion ratio, trade show performance or deal flow. Those metrics can help pinpoint exactly where you need to improve.
- **Look for new faces.** Stop milking your old customers over and over again. Expand your customer base. That can mean picking up the phone and calling new prospects, or expanding your product line into related items to reach a new demographic of customers.
- **Work on it, not in it.** When a business is struggling, owners tend to jump in and take over more hands-on activities they once left to others. But if you do that, you'll be sacrificing time that would be better spent developing new strategies, new services, new products.
- **Hire slow and fire fast.** Most business owners and executives do just the opposite and pay the price. Spend more time hiring the best person for the job. Let go of your nonperformers quickly. Strangely, companies tend to do just the opposite when sales are going down, Sommer says.
- **Don't generalize. Specialize.** Customers will buy more and at a higher price from someone who is a specialist, rather than a generalist. If you are having heart trouble, would you go to a \$500-per-hour cardiologist or a \$100-per-hour family doctor, Sommer asked? Transform your company, products and service into a specialty.
- **Hunt now or be eaten later.** If you're not the hunter, you're the prey. Be aggressive looking for new customers and pursuing new strategies. "Do things outside the box. Be different. Be aggressive in product delivery. Some companies might not offer new products till times get better, but you offer new products now," Sommer said. "Let others hunker down and be passive."

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