

The 'R' Word - By Dr. Rick Johnson

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In order to survive or even thrive facing today's economic conditions, which may even see gas prices hit five dollars a gallon, it will require sticking to the basic principles of running a well managed business.

Some economists say we are definitely in a recession even though the actual numbers don't really validate their opinion. The question is.... Does it really matter? Personally, I believe what really matters is what is actually happening in the market place. We are going through a mortgage crisis meltdown in the housing industry, gas prices are going out of sight and that fact alone is impacting the cost of nearly everything we purchase in this country from our vacations plans to the food we eat.

Facing Reality

Let's face it. During the past five years prior to flirting with the 'R' word --- Recession, it wasn't extremely difficult to make a profit. The market forces have been very kind to the majority of us through 2005, 2006 and 2007. However, 2008 is a brand new year and the wave we have all been riding has shrunk in size at varying levels in our industry. The success we have enjoyed in the past will not be as easy to accomplish in 2008 & 2009. In fact, we may have to adjust our expectations as the rising energy costs will have an impact on every aspect of business in general. Past successes may have camouflaged internal problems and annoyances that could become a crisis in 2008 and 2009 under different circumstances.

To not just survive in 2008 and 2009 but to maintain acceptable levels of growth and profitability is a goal that I am sure is shared by virtually 100 % of the individuals and companies that read this article. So, let's review some principles that can help us maintain our focus, uncover some of those sins that may have become covered by profitability and create the kind of success that you can be proud of:

1. Go back to basics in managing your business
2. Understand your role in the market place
3. Develop or refine your strategic plan
4. Continue to develop and train employees (Don't scrimp here)
5. Upgrade your sales force and all support services
6. Don't let up on your drive to provide world class customer service
7. Insist upon sales territory plans that target accounts based on potential for growth
8. Create change based on changes in your markets and your industry

Basic Best Practices

Take the time to review best practices as they apply to your business. Look at your processes, your procedures and your policies. Do they reflect good management principles or do they become a little spongy due to past practices?

What is Your Role?

Has your role changed in the market place? Are your business segments still the best match for your core competencies? What has changed and more importantly, what changes do you need to initiate? Do an internal SWOT analysis (Strengths, Weaknesses, Opportunities & Threats) with your management team and initiate a brainstorming or scenario planning session to reflect upon your changing role in 2008 and beyond.

Strategic Planning

If you don't have a strategic plan, make it a priority to create one in 2008. It is money well spent. If you do have one, go through an extensive review of all the initiatives. Do they still make sense? Has anything changed that will make a significant difference on your focus. Do you need to change your 'End Game' or Vision for the Future?

Employee Development is Essential to Profitability

Don't cut training and development dollars. Continue to focus on people development. This will maintain employee respect, trust and will create a culture that will maximize employee efforts and willingness to do whatever it takes to create success.

Upgrade - Upgrade

While employee development is critical to success, so is making sure that you have the right employees performing the right functions. The opposite of the 'Easy Profit' market forces that cover-up employee incompetence is the 'Tough Profit' market that will highlight employee incompetence. Economic conditions like those we face today eliminate places for under performing employees to hide. Don't let too much compassion for long tenure employees cloud your judgment. Make sure expectations are clear, employees are trained and have the proper resources. However, if they can not perform you must act

swiftly.

Sales Effectiveness

It's really fun being a sales person in an 'Easy Profit' market. It is not difficult to do well and sometimes we can be lulled into a sense of eternal success that doesn't require a 100% effort. It can lead to a comfort zone that is not healthy for long term success. Make sure your sales force practices a sales effectiveness discipline that requires documented action planning for specific targeted accounts that support individual territory plans. Of course, these plans must be in alignment with strategic initiatives as well.

Maintain World Class Customer Service

Guard your customer service initiatives with a passion. This is the absolute last place that you can afford to lose focus. If customer service starts to slip..... Customers will soon follow and that could lead to a death spiral.

Create Change

Creating, instigating and managing change takes passion and courage. It's not for the weak of heart. It is not for those who embrace simple traditional expectations. Effective leaders reach beyond these expectations. They become agents of change. Change is imperative in a 'Tough Profit' market. Most companies will thrive on the concept of change, achievement, responsibility and accountability. Make it part of your culture in 2008 and you will not only be a survivor but you will perform in the upper quartile of your industry.

Check out Rick's new CD and Workbook -- Real World Leadership Kit --- 'Learning to Lead So Others Will Follow'

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