



Tips On How To Succeed In A "Down Market"

Quick Tips:

- Get lean the right way
- Plan and budget for proactive marketing activities
- Cutting back on marketing in hard times can result in a delayed recovery
- Refine your strategy and stay consistent with your key messaging
- Don't abandon your core values and positioning or customers will flee

Those individuals who survived the last down market(s) know there are treasures in the rubble of a broken economy. While everyone else is running for the hills, a smart, lean start-up can find great opportunity. To understand why a tightening market creates opportunities for a start-up, you first need to understand why a bull market makes it so difficult to succeed.

How can the bears beat the bulls?

In a bull market, the cost of everything skyrockets. As capital becomes more available competition grows. Startups spring up everywhere, competing for practically everything from engineering talent to top executives, skilled labor and customers. At one time you were the top of the heap - now you've got three guys doing exactly what you do, stealing your customers, driving up labor and marketing costs all the while.

Conversely, a bear market drives the cost of everything downward. Companies go into a panic, losing sight of their growth goals and in some cases falling into bankruptcy altogether. The sudden drop in demand forces the prices of everything sharply downward, creating a unique opportunity for a nimble, well-prepared company.

Get lean the right way.

Before you get your marketing offense together, you need to get your defense lined up and that means getting lean quickly. The problem with coming off of a bull market is that we're not used to pulling back. We're used to believing that the next year will be even bigger than the last, so we plan and spend accordingly. This time around, we've got to create a very different plan. This plan is about reducing redundant or unnecessary staff; marketing creatively, and reducing all non-critical operating expenses before economic conditions on the street force unplanned cuts. It's true: nobody is ever excited about downsizing, especially after a bull market, but cutting back is better than sending everybody home because you weren't prepared to make changes. A prudent approach requires more than planning for hibernation. Preparing for the worst is important, but in a downturn, proactive marketing and promotional efforts can be more productive than ever.

Hard times: The perfect opportunity to go after your competition.

Kicking ass in a tough market isn't about crawling in a hole and waiting for spring. It's about getting focused so you can go on the hunt more aggressively. Your competition may not react as quickly as you, which is great news. It's possible that their slow response to hard times is putting the company in a tight spot. Management may be more concerned about making payroll than marketing aggressively. Their sales team may be more worried about their jobs than whether their customers are adequately served. And that's where you drop the hammer.

Even though your budget is tight, there is never a more cost effective time to challenge the competition and increase market share than in a tough market. The cost of advertising becomes more affordable as a result of highly negotiable ad rates. The challenge of getting PR attention drops as fewer companies are vying for ink. And the cost of attracting customers drops as sales reps retreat into a deep depression. As your competition pulls back or goes out of business, you can more easily entice their customers to come to you and stay with you.

Get the pricing just right:

Keeping prices at current levels or carrying out "scheduled" price increases could hurt sales; lowering your prices too much could eliminate crucial profits. Find a pricing "sweet spot" that gives your clients the feeling you are in business with them for the long term and are willing to adjust prices to help them get through this tough time. But don't adjust your pricing in such a way that you eliminate profits entirely.

Success in a bad economy can be achieved, but it won't happen without really trying: An efficient, cost-effective marketing effort focusing on fine tuning your product offering, adopting an aggressive pricing strategy and implementing an effective promotional effort can really help.

Are you developing and sending a clear key message? We can help.

I attended an event where a person was invited to share his company's "elevator pitch" with the group. He graciously stood up, uttered a few recognizable technology words, but overall did not leave a good impression or clear image of what his business was actually about. I was sort of embarrassed for him, but not completely surprised by this delivery. Many companies understand the need for a clear key message, but few take the time to formally develop those messages and even fewer encourage all employees to aspire to and use the messages.

Key messages are statements about your fundamental belief and mission.

These don't have to be long or involved explanations incorporating every possible description and product. They just need to be simple, direct and easily understood. Often times, key messages are confused with product descriptions or other details regarding how a company was founded, etc. Quite simply, the key message is the single take away about your business you want the audience to have. Key messages are not developed and then locked away for safekeeping.

The best messages are those that can be woven into any corporate communications instrument including e-mail, web sites, business cards, Power-Point presentations, PR, advertising, annual report, collateral material, etc. Every member of the company should reinforce Key messages. Everybody is included from the receptionist to the CEO and especially the sales team as they interface

with customers and prospects. Key messages may need to be customized slightly according to the audience, but on a day-to-day basis, the message must remain fundamentally unchanged.

Key messages are living, breathing reflections of your company and should be used as such. Use them consistently but if they need updating you can refine them from time to time. Don't worry if you are a start-up; your message (like the rest of your enterprise) will evolve to some degree over time.

- Work with your marketing team to develop and refine your key messages
- Reinforce the messages by using them often.
- Offer employees a variety of reminders to incorporate your message.
- Reinforce the message in internal meetings, newsletters and other key vehicles.
- Weave the message(s) into advertising, PR, web, and all communications.

Using key messages often and consistently will help you control how your company is perceived both internally and externally. You must deliver on your message or it becomes a string of irrelevant marketing gibberish. From the executive suite to the shipping department - every person in the company should be able to grasp the corporate message. These people are the fiber of your company. If they don't understand and embrace your key messages, they will craft their own and create confusion about your company. Developing and sticking with your key messages is a powerful mechanism for working through challenging economic conditions.