
Now What...Marketing in a Down Economy

by Robbie Kellman Baxter



PENINSULA
STRATEGIES

“*T*he next six months are going to be very painful,” said Mark Zandi,

chief economist and cofounder of Moody's Economy.com at the National Retail Federation's Annual Conference in January. But by 2010, he said, the environment would only be "uncomfortable".

For many of us, it's a scary time. And yet there's a lot we can do to keep our business alive and thriving—both for our own sanity as professionals who want to make an impact, and for the well being of our companies and careers.

Smart business people are taking advantage of the current vacuum of activity, as competitors go out of business, or are distracted by layoffs, cutbacks and a general fear of the unknown. They are also recognizing that customers are looking for new ideas to survive—and are therefore more willing to hear new ideas and try new products, services and vendors. While many businesses are suffering By focusing both on fundamentals and on unique and specific actions that a marketer can take, this article offers tips and inspiration to help marketers grow and thrive, even in this severe recession.

PART 1: Fundamentals—is your house in order?

Business is a constant tradeoff between short-term and long-term objectives—now is time to maximize short term. Focusing on short-term, tactical activities is not necessarily intuitive for marketers, who are generally paid to think more broadly and strategically than most parts of the organization.

1. Manage Cashflow

- It's the single most important thing to do. Make sure you can meet payroll and keep the lights on. If these areas are not your responsibility—please remember that they are top priorities for your client, or your boss.
- At the same time, remember that many companies have a ways to go before they need to use the chairs as firewood, who are still paralyzed with fear and unnecessarily obsessed with cost cutting. VCs and Shareholders are pressuring companies to cut costs across the board—and in some cases, these measures may be heavy-handed and unnecessary.

Robbie Kellman Baxter is the founder of Peninsula Strategies, a strategy consulting firm focused on helping companies accelerate growth through new markets and product offerings. Corporate clients have included industry leaders Netflix, Sun Microsystems and Oracle, as well as fast-growing private companies such as Market-Tools (makers of Zoomerang) and PayCycle. She has spoken before groups including alumni associations of Stanford and Wharton, as well as several regional professional association. Frequently quoted in publications ranging from the New York Times to Inc Magazine and the eCommerce Times, Robbie earned her MBA from Stanford University and her AB from Harvard College. You can reach her at www.peninsulastrategies.com or 650-322-5655.

2. Increase Sales

After managing cashflow, sales are the next highest priority of any business owner. Consider modifying your role to get closer to sales (direct marketing rather than brand building, partnerships for short term). And do anything necessary to take good care of your customers. You need to be responsive to the needs of your sales team, helping them on sales calls, developing tactical tools to help them close business—even at the cost of longer range strategic initiatives. Be prepared to do whatever you personally can to identify and keep your best customers, and win new ones.

3. Cut waste

Layoffs can be healthy, though painful. Now is a good time to rethink dropping unprofitable businesses, programs, offices or even staff. Remember, forest fires are a natural part of the ecosystem. Paring down is important.

4. Manage to Metrics

Make sure you are tracking the most relevant metrics for your business and for this particular time. And then make sure you track them. This is not the time to spend money on things that cannot be tracked. You need to be able to justify every investment.

PART 2: What Can You Do to Take Advantage of the Downturn?

Rethink Target customers, products and messaging. Each of these three areas offers ample opportunity to grow your business.

1. **RETHINK TARGET CUSTOMERS** This is a GREAT time to win new customers, especially for stronger, more creative companies to take customers from weaker, preoccupied rivals. It's a time to be bold.
 - i. Be the first to notice those companies who are going to benefit from the down turn, and hitch your wagon to them:
 1. Bankruptcy consultants, attorneys, workout specialists
 2. Suppliers of low-cost product (Wal-Mart, Dollar stores, thrift stores, McDonalds are all doing well).
 3. Companies leveraging countercyclical or neutral trends—nesting, frugality, family values (ties in with our new president) forced free time (shutdowns & mandatory vacations, layoffs, no boondoggles for corporations etc.)
 - a. Cobblers are enjoying their first boom economy in years, as people rush to preserve their Jimmy Choos and Manolos
 - b. Dating services, movies and gaming are all doing well
 - c. Things we need: groceries, pet food, and healthcare

4. Companies that cater to struggling people: Check-cashing facilities, payday loans, liquor, counseling, outplacement are all thriving
2. **RETHINK PRODUCT** Take your business down to the studs and think creatively about your core strengths
 - a. What can you remove from your product?
 - i. Enterprise software companies offering “lite” and SAAS versions
 - ii. Cutting “frills” from offerings. Stop visiting in person. Stop giving them a written report. Offer advice only on a passive basis, when they call you. Offer a smaller or less experienced team.
 - b. How can you rethink your product, or repackage your product to better respond to current needs?
 - c. At the same time, offer some really great, break through services at high prices. Do not cower. Get out there and proclaim leadership. If you are the only confident one in the room, people will gravitate to you. LVMH just announced record earnings—there are still people who want the best, and who have the money to pay for it. Can you be that for your clients?
 3. **RETHINK MESSAGING** Base your messaging on what your customers are talking to you about. If your message was “growth” maybe now it’s “cost savings”. And be sensitive—no gold plated holiday cards or ice sculptures!
 - a. IBM and Dell are talking about getting “smart” as a euphemism for saving money: “smart IT” and “smarter retailing” are key messages
 - b. McDonald’s is also using the “smart=frugal” idea with their slam on Starbucks: “\$4 is dumb” on billboards in Seattle
 - c. Transparency in leadership seems to resonate with customers especially as companies are forced to make hard choices. Southwest, Zappos and brokerage firm Redfin are examples of companies who strive for transparency in their communications from the corner office.

Conclusion

We all want to do the right thing to ensure that your company survives, and hopefully, thrives in the current down economy. But maybe in the back of your mind, you are also a little worried about your own career? I have a dozen friends who are out of work against their will—many of whom are experienced COOs and General Managers. Unemployment is at an all-time high. What are some practical things we can do, to stay gainfully employed, and even move our careers forward in interesting directions?

- Keep the job you have unless you lose it-then think creatively about your value and about contract work and flexible arrangements
- Focus on revenue and cashflow management regardless of your role
- Use all your skills—not just those in your title—to help your company thrive
- And if you are out of work...
 - This is a great time to reflect, regroup—plan what to do next
 - Get educated, network, grow—since most people are currently underutilized and not traveling, they are more likely to have time to meet with you. Now is the time to build and strengthen professional relationships.
 - Focus on non-work objectives. Get healthy, spend time with family and friends, and try to give back to our community, which is truly in crisis.

Remember what Washington Irving said: “Little minds are tamed and subdued by misfortunes; but great minds rise above them.” It’s important more than ever to stay positive. Be a source of energy and inspiration for those around you. Stay away from frightened people. Get creative and inspired about how you are going to WIN in this economy.

This article is based on a talk given by Robbie Kellman Baxter to the Business Marketing Association of Northern California on February 19, 2009