

How to plan for a recovery in business

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Business confidence is back, customers are restocking for a busy Christmas trading period and sales and profits are heading upwards.

If you haven't got your recovery strategies in place, you're already falling behind.

It won't surprise you to know that the Smart50 are already in recovery mode and have been for months.

Recovery sparks rush of new franchisors

But we've been able to get them to share a few of their strategies...

Investing in skills and training

Correct Solutions founder Wayne Small is in no doubt about the need to get his house in order before the recovery starts in earnest. "In all seriousness, the recovery is going to be scary," he says.

"We will most likely have scaling issues at the top of the recovery to fill all of our clients needs. We have taken on extra staff so we can have them trained and up to speed by the real recovery."

He's not alone - companies including Travelcorp, Revolution IT and E3 are busy up-skilling employees too.

Lift Shop's Les Katz has also used the downturn to bring employees up to speed. "We are doing some of the procedural and training improvements that we planned a long time ago, but did not have time to do. In fact, we have currently asked staff to delay their holidays because we are so busy getting organised as well as doing our basic jobs."

Keeping customers on side

The downturn changed consumer behaviour in a number of ways and many of the Smart50 had to move quickly to adapt. Take Sumo Salad for example, who found that hard-up customers were bringing their lunch to work, rather than buying fast food.

"We solved this problem by offering the "5 under \$5". This included five options for lunch that are still healthy and nutritious, but are affordable," says founder Luke Baylis.

Another good example of quick adaptation comes from Aussie Farmers Direct, which has performed strongly during the downturn. It made sure customers were kept happy by offering free home delivery.

Advertising

During a downturn one of the first things to be cut from a budget is the advertising spend, but some of the Smart50 say they are preparing for a recovery by taking advantage of record low advertising prices.

Ariana Hendry from Hypoxi says her company is taking advantage of discount advertising rates in order to position its brand for recovery.

"Our strategy is to take advantage of the distress rates now to push our brand into the marketplace in a more cost-effective way - using mediums that we would otherwise not be able to afford."

"The aim is that by undertaking intensive advertising now, our brand will be at the forefront of people's minds when the economy improves. We are currently rolling out radio campaigns in most capital cities with success at the moment and complementing these with ambient and print media."

Rob Nixon, from financial services firm Robnixon, says he is now "investing heavily" in marketing

and advertising.

"As many businesses are suffering, they are substantially reducing their marketing spend and noise. This is the perfect opportunity to take advantage of more competitive advertising rates and increase brand awareness. When conditions improve, sales will come walking through the door."

Hiring

Unemployment is continuing to rise, but the Smart50 are taking advantage of the bad times. Many of them are using the huge pool of available talent to gain some high flyers and maximise their reach when the good times come in.

Hamish Leighton from Revolution says the company is determined to exit the financial crisis in a stronger position, with an emphasis on "hiring to increase the skill base in our organisation".

Gabby Leibovich from Catchoftheday.com.au says "now is the time to find some gems in the unemployment market", while Assetivity's Alexander Dunn says his business is "selectively recruiting good people as they become available".

Sophie McDonald from Skye Recruitment says her business is "looking to expand our staff base and hire more consultants to diversify our business further into more niche sectors".

Hunting for acquisitions

One of the prominent trends among the Smart50 is the willingness to expand the business during bad times instead of taking things lying down.

Katie May, founder of Kidspot.com.au, says she has recently acquired Birth.com.au to expand her audience to include over 800,000 mothers, "as well as leveraging our know how to help advertisers to reach women more broadly".

At Apex Insurance Brokers, co-founder Daniel Johnson is looking at interstate companies he might be able to add to his stable. "We're looking to identify appropriate acquisitions to expand our presence in other states. We would like to be about twice the current size and triple the profitability."

eNerds founder Jamie Warner is looking for weakened competitors. "We are looking at acquisition opportunities to take advantage of businesses who's model hasn't supported being successful in the current environment."

Looking outside Australia

It's been a tough year for the exporters on the Smart50, but they are not letting the high Australian dollar or doubts about the global recovery stop them ramping up their export efforts.

Mieza Consulting founder Andrew MacDonald is continuing to invest in his firm's expansion offshore. The company recently formed a business partnership with PriceWaterhouseCoopers in Singapore and is targeting Japan and Korean next.

"It's crucial to hedge your revenue stream by moving into export opportunities early," McDonald says.

Meanwhile, Wireless payment solutions company Mint Wireless is looking to expand into Europe, the United States and South East Asia, while Bravura Solutions continues to push into Asia and Continental Europe.

Finding new niches

About 12 month ago, Paul Quinn, founder of Quinttessential Marketing, was firmly focused on the recruitment sector. His company sells a range of online tools for the HR sector, including tools for staff surveys, salary comparisons and reward and recognition programs.

Then the downturn hit. "Recruitment firms have experienced a horrible past 12 months," he says. "I know of one niche recruiter who has seen three out of their five main competitors go into liquidation in the last nine months."

Quinn has been forced to adapt by pushing out of recruitment and into the government and healthcare sectors. It hasn't been easy, but now he has a much stronger and diversified business.

A new focus on culture

While many companies are hiring more staff in order to prepare for the recovery, others haven't been so lucky and are downsizing to cut costs. As a result, some of the Smart50 say they are investing in their workplace culture to keep good staff on board and morale high.

Chris Taylor from Apricus says he is creating a work environment where his staff are "able to be themselves".

"We invest significant time into ensuring that we create a family and/or team environment that extends beyond our internal work environment to include our agents and resellers."

Sophie McDonald from Skye Recruitment says it is important to keep the working environment happy, with the company even making use of an office Nintendo Wii console for "banter and competition".

"We organise events such as staff sports competitions and outings, and we encourage everyone to enjoy their time in the office. If people are happy at work they are more likely to be motivated, and to bring that positivity to their client dealings."

Alexander Dunn from Assetivity says treating your staff on a level playing field will ensure a sense of devotion to the business.

"Treat all of your people well, and as though they are volunteers, (which, essentially, they are). They will reward you with loyalty, and your business will be stronger for it."

Investing in technology

A number of businesses have used the downturn to invest time and money into the development of their IT systems.

Gary Denton, co-founder of property and business services company Marble Group, says his team has used the past six months wisely.

"We have engaged a specialist IT consultant to work with us on the development of a new website and include integration of social media. We've streamlined our intranet, and we've upgraded our IT infrastructure to support our move to Melbourne and other capitals."

Assetivity and online retailer Catchoftheday have also boosted IT spending in order to boost sales as the economy hits top gear.

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