Strategies for a Changed World

How to plan for...and even thrive in turbulent economic times.

Top Echelon | haley MARKETING

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We didn't see this coming.

2

It won't happen here.

3

I just hope everyone (else) will be alright.

4

This can't be real.

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What am I going to do?

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March 17, 2020
Morgan Stanley and Goldman Sachs declare global recession.

Happy St. Patrick's Day.

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What causes a recession?

- Inflation or Deflation
- Credit crunch / rising interest rates
- Reduced spending (government, corporate and consumer)
- Loss of confidence in the markets / market crash
- Failing housing prices and sales
- Manufacturing orders slow down
- Bad management practices
- When asset bubbles burst
- Fear

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What happens in a recession?

- People and companies spend less
- Drop in business activity
- Less work = less need for workers
  - Hours get cut
  - Flexible workers get let go
  - Unemployment rises
- Bad debt and loan defaults increase
- Prices and interest rates tend to fall

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What happens to recruiting companies?

- Hiring freezes = no direct hire
- Temps get let go = less or no contract staffing
- Job orders become scarce
- 30% of recruiting companies go out of business

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It's not all bad news

Some sectors flourish

- Healthcare
- Mortgage (refi)
- IT tends to be pretty recession-proof
- Collections
- Consumer staples
- Discount retailers
- Sin industries (Alcohol and Tobacco)
- Cosmetics

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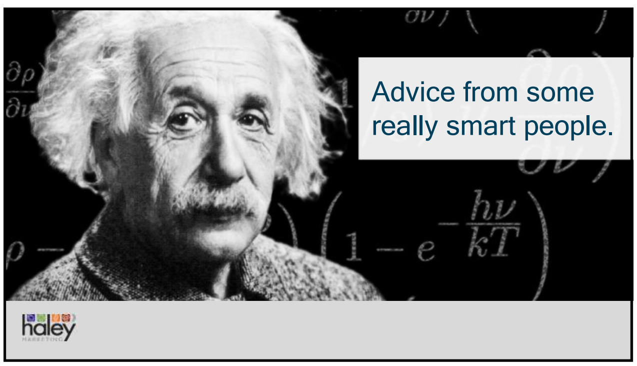

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Harvard Business Review

How to Survive a Recession and Thrive Afterward

- **Deleverage before a downturn.**
  Rule #1, don't run out of money!
- **Focus on decision making.**
  Centralized is better for tough decisions. Decentralized for faster response.
- **Look beyond layoffs.**
  Cutting costs via operational improvements = faster recovery.
- **Invest in technology.**
  Become more transparent, flexible, efficient and lower cost of service.

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Harvard Business Review

Roaring Out of a Recession

- Lesson 1: Don't be too defensive.
- Lesson 2: Don't be too aggressive.
- The optimal balance: Become a progressive company.
  - Examine every aspect of your business model.
  - Reduce costs permanently through process improvement.
  - Invest to develop new markets and enlarge your assets.
  - Increase spending on R&D and marketing.

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Harvard Business Review

How to Market in a Downturn

- Understand recession psychology.
- Four buyer segments:
  - Slam-on-the-brakes
  - Pained-but-patient
  - Comfortably well-off
  - Live-for-today
- Understand rationale for purchase: essentials, indulgences, postponables, expendables.
- Focus marketing on becoming more essential, offering lower-cost version of indulgences, and increasing urgency of postponables.

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Bain & Company

Beyond the Downturn: Strategies to Take the Lead

- The end of non-tech businesses
- The end of low interest rates
- How winning companies behave differently:
  - Restructure costs, before the downturn, without cutting muscle
  - Put the financial house on order
  - Invest selectively for commercial growth
  - Maintain marketing
  - Improve the customer experience
  - Pursue a proactive M&A pipeline

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Signature Analytics

How to Recession Proof Your Business: 6 Tips to Thrive

- Financially prepare for the downturn before it happens.
- Strengthen customer relationships.
- Master what your company does best.
- Beat the competition.
- Don't let marketing fall through the cracks.
- Don't get comfortable (optimize all processes).
- Maintain good credit.

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Sequoia Capital

Letter from the CEO: Coronavirus is the Black Swan of 2020

- Impact of the outbreak: drop in business activity, supply chain disruption, curtailment of travel and business meetings.
- Question EVERY assumption about your business, including:
  - Cash runway – enough cash to cover a few poor quarters.
  - Fundraising – plan for a cut in funding.
  - Sales forecasts – anticipate what your customers will do.
  - Marketing – fight to maintain consistent ROI on your spend.
  - Headcount – strive to do more with less and raise productivity.
  - Capital spending – examine whether capital spending plans are sensible.
  - Be opportunistic – look for opportunities to accelerate plans.

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Surviving the 2007 Recession

- Lock in clients:
  - First-call agreements
  - Volume purchase agreements
  - Single source agreements
  - On-site management / RPO programs
- Expand client relationships
- Look for opportunities to reduce costs (without damaging service)

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Surviving the 2007 Recession

- Investigate diversification opportunities
  - Service line extensions (new skill disciplines)
  - Market expansion (new geographies)
  - Product line extension (entirely new services)
- Broaden your client base
- Help your clients plan ahead
- Manage financials more aggressively
- Upgrade technology

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Surviving the 2007 Recession

Invest in smart marketing.

- Integrated direct marketing to increase sales efficiency and capacity.
- Low-cost direct marketing to stay top-of-mind.
- Targeted promotions to drive immediate response.
- Conduct educational workshops to teach people to manage talent strategically.
- Develop deep and broad candidate networks to fill search assignments faster.
- Upgrade your website to improve service and increase inquiries.
- Repackage services into new solutions.
- Get more involved in your community (increase networking and visibility).
- Do more research to gain insight into your clients' businesses.

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Recession 2008: Five things to do RIGHT NOW

- Help your clients plan ahead.
- Get a jump on the competition – use multiple channels of communication to be more visible, strengthen your positioning and stay top-of-mind.
- Demonstrate the ROI of your services (how your services cut costs / drive productivity).
- Educate your clients (teach them to be better users of recruiting and staffing services).
- Don't wait to get started.

  Aggressive advertisers obtained 4.5x the market share gain of competitors who cut back on marketing during a recession!

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How to sell when someone says "We're not hiring"

- Step 1: Stop being reactive (ask better questions).
- Step 2: Go back to sales 101 (do more homework, find the pain).
- Step 3: Drive out cost (show how your services reduce hiring and other expenses).
- Step 4: Capitalize on opportunities (help your clients find them in their businesses).
- Step 5: Strategic recruiting (faster fills, be ready to respond).

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Branding in a Recession

- In a recession, marketing is non-negotiable:
  - Lose visibility, and you WILL lose market share.
  - Companies that market fall less and grow faster.
  - It gives your sales team a reason to call.

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Branding in a Recession

- But what about branding?
  - Strengthen your positioning.
  - Create differentiation…and brand preference.
  - Clarify (to clients, candidates and internal staff) what you're known for.
- Three types of brands to consider:
  - Personal brands
  - Product or service brands
  - Market brands

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What winners do differently.

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Play defense

- Get prepared, before it happens
- Cut (non-essential) costs
- Automate / streamline processes and procedures
- Strengthen customer relationships
- Sign long-term contracts
- Focus on your core strengths (become unbeatable / irreplaceable)
- Build a cash cushion
- Don't get comfortable

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Play offense too!

- Market. Market. Market. (don't become invisible)
- Invest to improve efficiency
- Top grade talent
- Invest in R&D or digital transformation
- Invest to build around your core focus
- Pursue M&A (buy companies when they cost less)

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Avoid the biggest MISTAKES

- Panicking
- Only focusing on cutting costs
- Cutting marketing (out of site = perceived out of business)
- Slashing prices
- Doing nothing ("I know it will get better soon")
- Jumping into a "hot" new market or industry

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Create your marketing strategy

- Segment your clients
- Improve sales efficiency / Integrated direct marketing
- Email, PPC, social and mail to stay top-of-mind
- Bundle services / create incentives for purchase
- Skill market – find homes for top talent
- Become a resource to your clients (content marketing)

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How to market in a recession

- Broaden your client base
- Find new services to provide to current clients
- Automate to improve the client / candidate experience
- Look for new business models (e.g., consulting, project solutions)
- Go deeper with your clients to help them plan ahead

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My favorite advice

Choose not to participate

- Get more aggressive (sales, marketing, pricing)
- Focus on the places where you can add the most value
- Invest in training and product development to crush competition

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My favorite advice

Make the recession "the other guy's problem"

- Target weaker competitors – go after their clients
- Increase sales activity
- Hire away top employees
- Recruit more

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Your homework

- Review all your current clients
- Where are the strong relationships…and the weak ones?
- Where are you really adding value…and where are you not?
- Do you have a strong understanding of each client, their challenges and their talent / resource needs?
- What can you do to better help them prepare for a rebound?
- What else can you do to be more essential to their businesses?
- Create a plan for EACH client.

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How can we help?

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Staffing Works Slack Group
slack
Discussion Group (any device)
Dealing with COVID-19
Sales & Marketing Ideas
Recruiting Strategies
Tech Q&A
Morale-building chat!
AND IT'S FREE!
STAFFING works
https://tinyurl.com/staffing-works

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