

How to thrive in tough times

These six tips will help turn a business downturn into an opportunity.

The immediate reaction to a downturn is often to panic. And so, companies will tend to go into hibernation. They cut costs, conserve cash and act as if they're on the verge of bankruptcy.

But giving in to fear is one of the worst mistakes entrepreneurs can make, says Emmanuel, CEO of CedisPay says *"Once you've cut off all your fingers, there is no way to use your hand,"* he explains.

Instead, Emmanuel says that a downturn should be seen as an opportunity to reinvent yourself and improve your company.

"Try to appease the fear to start thinking about the business and your approach," says Emmanuel, who has 20 years working in 3 different countries and experienced all different crises over the last 20 years. *"Take a step back and analyse. Then, ask 'how do I position myself in this scenario?'"*

Here are six tips for entrepreneurs who want to transform a business downturn into an opportunity.

1. Understand the changing needs and expectations of your clients

In a downturn, many entrepreneurs instinctively turn their attention away from clients to focus on the survival of their business. Yet it's critical to listen to customers to understand how their needs are changing.

These conversations will help reposition your business as well as its products and services to fit within a changing market.

2. Rebuild your cost structure for the new reality

As demand and client needs change, you will need to readjust your budget and cash flow plan.

Emmanuel advises going through your income statement line by line, looking for fixed costs that can be transformed into variable costs. This will create additional flexibility in an uncertain market.

For example, instead of renting an office (a fixed cost) can you and your employees work from home? Or can you move to a co-working space, with capacity increasing or decreasing according to your needs.

Other ways of reducing your fixed costs include: hiring contractual or part-time employees instead of permanent full-time employees working with distributors or agents as opposed to owning your own sales network.

using more subcontractors, such as companies that offer warehousing for a fee renting equipment instead of buying it.

Re-evaluating your costs and renegotiating contracts will free up cash. Over time, this relative strength could open up investment opportunities, for example if a company needs to liquidate assets.

"It's no different from a potential investor in a market," says Emmanuel. "You shouldn't invest when the market is at its highest price. Now the prices are affordable, and if you have a lot of cash, you can turn that into an advantage."

3. Embrace digital technologies

The COVID-19 crisis has shown us that future success is based on embracing digital business.

A downturn should be seen as an opportunity to review existing processes to improve them. Ask whether processes can be automated or whether technology can help you reduce your costs.

"Look at software for internal uses, for employees," he says. "But also software to reach clients and provide them with access to your business."

4. Review your HR needs

Fluctuating demand for your products or services as well as changing customer expectations for service level will influence your HR needs.

You may not need as many employees as you did previously, and the way they do their jobs might change. A customer service representative who used to meet with people in person might now be working from home, for example.

You will also have to determine whether your employees have the capability to move your company forward, and whether you can afford to keep them on. If not, you will have to be creative, notes Emmanuel.

5. Examine your real estate

The downturn may have changed your needs for physical space. You need to ask yourself whether your business can successfully operate remotely.

Look at the benefits and downsides," says Emmanuel. *"The downside of real estate is the cost. The upside is informal communication."*

Moving to remote work will have important effects on your management style. Goal-setting and regular meetings will become even more important to ensure employees remain productive.

"The supervisor doesn't have the ability to check on the presence of people, but presence doesn't guarantee productivity," says Emmanuel.

6. Show strong leadership

Emmanuel stresses that strong leadership and a clear vision are key to thrive in a crisis. *"You may be feeling uncertainty,"* he says. *"But what you show is your vision and that you know where you want to go."*

This is especially important with employees, suppliers, lenders and clients. Engaging these key stakeholders will allow you to move forward and reassure them about the future.

"Employees, clients, suppliers, they're all stressed," says Emmanuel. *"They are looking for leadership to rebuild confidence. Everyone is fearful, which is why communicating a clear vision is so important."*