

The Best Way for Companies to Survive an Economic Downturn

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During periods of economic decline, whether widespread or cyclical, businesses are most likely to be affected. Yet the fact that conditions are changing opens up opportunities for resourceful firms to outsmart competitors who, during a downturn, carry on business as usual or are unable to adapt quickly.

Here are some of the things you can do to survive an economic downturn.

Fix your business model

It can be difficult, if not impossible, to make changes to your business model when you're growing. Even the idea of raising your prices or adding new products can be overwhelming as you serve customers as fast as possible. This is also a prime opportunity to explore ways to add recurring revenue to your business model because that will dramatically increase the value of your business. Just like how the entire software industry shifted from service contracts to billing monthly on a software-as-a-service basis, you need to be thinking about how to build that kind of model into your business.

Evaluate your team

A crisis is a great time to evaluate someone's character. Are they shrinking away or stepping up? You can use these tough times to make positive changes inside your business--in your business model, your processes and automation tools, and your team--that will best position you to take advantage of the upturn when it arrives.

Working from home-working remotely

Some practices that seem logical when you're all in the office together don't work in a remote setting. Remote teams can be remarkably productive and even outperform their in-office counterparts, but not on day one or when they're distracted. By failing to acknowledge this, one makes work harder.

Its possible offices may re-open soon, but COVID-19 may not be the only reason one will ever need to go remote. Teams with solid remote work skills are proving more resilient now. One of the issues surrounding working remotely is the issue of accountability. You won't get the accountability you need by micro-managing. Theresa Sigillito Hollema, a global team expert and director of Interact Global, says, "Trust between leaders and team members starts with the leader. You must figure out how to monitor the work output, rather than the work activity."

Remove non-essential costs

The natural response to a crisis is to pull back on investments and conserve cash. Now is not the time to

tie up your money in investments. Save the cash that you have on hand and do your best to remove nonessential costs, hopefully just temporarily. Spending on team perks, or experimental marketing tactics, should also go on pause. If one is planning for a certain kind of loan, it's time to re-evaluate. Expect higher interest rates, lower loan amounts, and shorter terms. All lenders will likely tighten their credit boxes in the weeks and months to come.

Emotional Intelligence

Emotional intelligence is the ability to identify, understand, and manage emotions both in yourself and in others. This ability is important to develop in everyday life, but it can be lifesaving in the face of a panic-inducing situation like the coronavirus because it allows one to keep emotions under control so one can make balanced reasonable decisions.

Controlling Uncertainty

Uncertainty is a business killer. As a business owner, you're already dealing with many unknowns. To successfully navigate them, you need to be able to rely on some future projections that represent a sense of stability. The current coronavirus pandemic has just about made that impossible. To better manage uncertainty one should analyze the data as it comes in, frame the questions that trouble the most and run practical scenarios to determine next steps.

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