



Upsides to the Downturn

While the current environment presents many companies with serious threats, it also offers enormous opportunities. Studies have shown that it is during times of economic turbulence that companies have made the greatest moves in relative position among competitors. Now more than ever, organizations need strong, practical, and actionable insights to address key business issues and spark innovation (change that creates a new dimension of performance). In recent showcase meetings, senior executives from a broad spectrum of industries identified the following high-potential upsides to the downturn:

- **Accomplish improvements that previously met strong resistance**

Companies may be able to push through improvements that might have met stronger resistance in better times. A period of economic downturn creates a high expectation of organizational change among internal and external stakeholders. Exploit this opportunity to eliminate waste and increase the focus on value creation and return on investment.

- **Capture a higher share of mind through innovative products and services**

While others in your industry are inward-looking, reactive, and cutting back on R&D, the launch of a genuinely innovative product or service that delivers functionality that has not been seen before, is a bold move that garners attention. Tap the brainpower of the entire organization in order to drive innovation.

- **Find your next generation of leaders**

Crises deliver the crucible moments that test and define the mettle of leadership. Trying times can help you find your next generation of leaders. Use this opportunity to provide your rising stars with "trial by fire" transformational experiences that build confidence, instill humility, and cement leadership skills. Grow top management teams that are tightly knit, highly communicative, and skilled at making rapid, collective commitments to action.

- **Improve on the profitability of your existing and potential customer base**

Increase the loyalty and profitability of the existing customer base while growing your share of the most profitable customers. Differentiate between the specific needs of distinct customer segments as well as their overall profitability. Focus scarce funds on serving those customers that you most want to attract and retain.

- Leap ahead of the competition by rethinking, restructuring, and refocusing

Replace outdated traditions, methods and approaches that are no longer suited to current requirements. Implement an organizational design that is optimally tailored to survival and the future business model of the company. Shape and refine company operating style and culture to accelerate your ability to adapt.

- Leverage the network for enhanced cost management and efficiencies

Negotiate better pricing and terms with suppliers in a down market. Deliver your services at the lowest possible cost through global sourcing and use of the enhanced bargaining power of scale. Explore exchange rate and tax advantages. Remove the “non-value” bloat and duplication that typically occur during a period of strong economic growth when companies tend to focus more on expanding revenues and less on managing costs. Share best practices across the value chain for the benefit of all. Act to ensure the survival of suppliers of crucial resources.

- Reap big dividends in agility and quick decision-making through leadership development

Improve risk-management capabilities by upgrading human capital. Increase the number of leaders at all levels and renew the leadership skills of even the most respected leaders. Combine learning and doing so as to weave leadership into the very fabric of your processes and culture. Leverage the different aspects of your business to give people opportunities to lead in a variety of circumstances.

- Strengthen customer loyalty and brand preference

You may be hurting but so are your customers. Changes in the economy mean changes in buying attitudes and behaviors. Understand and ease the customer’s pain. Focus on the customer to help them solve or mitigate their problems. Strengthen customer loyalty and brand preference with measures such as temporary discounts, more favorable financing terms, alternative distribution channels, new products or services. Explore ways to add different functionality to old products in order to better serve new needs. Relentlessly focus on understanding the unique local needs of customers and tailoring product mix and local service standards to meet those needs.

- Tightly connect IT systems to business strategy and value

Use business analytics to turn data into insights that can be acted upon, monitored, and used to predict outcomes. Implement performance management systems that improve visibility and transparency of costs. Anticipate, sense, and respond more quickly to threats and opportunities.

- Use consolidation/acquisition to grow market share, influence, buying power, create greater value

In order to break into new high-growth market geographies, grow market share, increase influence and buying power, or quickly extract new synergies to create greater value, survey the current landscape for companies that can be acquired at previously unheard-of prices.

Search out businesses that might be amenable to a merger or a new partnering arrangement. The economic tumult has already led to significant shifts in consumer and corporate behaviors, has indeed made fundamental changes to the way we do business. This relentlessly evolving environment demands nothing less than highly evolved leadership. Big rewards will go to those who recognize not only the dangers, but also the possibilities, and boldly act on these to ensure their organization's survival and secure durable competitive advantage.

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