

Breaking Out of a Business Slump

Let's face it...we all have 'em. The greatest baseball players go 0 for 4 sometimes and even the most bankable actor stars in the bomb every now and then. So why, if we are so tolerant of slumps in sports and entertainment, do we lack any leniency for business slumps. The rhyme and reason is less important than understanding how to break out when the inevitable slump hits.

The onset of a business slump can lead to significant pressure by shareholders, employees, suppliers and others affected by the performance downturn to take immediate actions to improve the situation. The implementation of short term actions may in fact be necessary for survival, but Tudog has learned that the slump is most likely the result of a fundamental flaw that, while perhaps alleviated by short term actions, will not be resolved without a significant overview of your market, your strategy, and your execution models.

Like all slumps, part of what is wrong lies in how you're doing things. This may be a difficult conclusion to reach, particularly if you have been operating in the same manner for a prolonged period of time without witnessing the challenges you are currently facing. The idea of breaking out of a slump, by definition, is all about how other factors changed while you stayed the same, and how this combination has resulted in a detrimental turn in how you business performs.

Tudog has worked with many companies experiencing a slump and has brought meaningful assistance to breaking out of the slump by viewing 4 critical issues. These issues are:

1. Identify What Changed in the Marketplace

You are correct in maintaining that if you have been successful with certain strategies and tactics and then you cease being as successful that something might not necessarily be wrong with your execution, but rather something might have changed in the marketplace that renders what you are doing well simply not as effective or meaningful as it previously has been. The changes you are looking for are in how competitors are acting in the marketplace, whether there have been dramatic shifts in pricing models, additions in competitor product features, new logistical process introduced, or any other change that could lead to buyers either reducing their demand or shifting their preference to a competitor.

2. Focus on Competitive Environment

Once you have taken a look at the broad market conditions, take a more in-depth look at the competitive environment. Your competitors, who you should be monitoring somewhat regularly, may or may not be experiencing the same slump you are. If they are, there may be cause to conclude that there has been a temporary shift or decline in market demand. This can be result of difficulties in the core customer sector, or a shift in the demands from their customers. On the other hand, if you determine that competitors are not experiencing a slump, you should carefully evaluate their product offering, business model, and customer base and seek to determine whether they have instituted any recent changes and where the differences between your operations, offering and prices are as compared with their currently more successful models. It could be, if they

are not in a slump, that they succeeded in gaining a market insight or some intelligence that allowed them to react more quickly to changes and you must now play catch-up.

3. Review Your Marketing

Slumps are due to a decrease in sales, and a drop-off in sales is due to the way your company is communicating and interacting with the market. There may have been a shift in consumer behavior or a marketing offensive by a competitor that has diminished your company's message or position in the market. Similarly, communication channels that have up until the slump performed well may now be less effective. Your company's ability to get out of the slump is dependent on your success in reigniting your sales effort. The place to start is with your marketing.

4. Review Your Sales

Once your marketing has been reviewed and you understand where your message has become diminished and you take action to re-establish your message, you can now review your sales efforts and determine where the sales effort requires attention. Tudog encourages you to look back at the last 5-10 sales efforts and review why those that were not successful failed. You may be able to come up with a position, price point, value equation, sales channel, method or other pattern that has hindered the closing of the sale. Once you have identified the cause you can work to correct it, and go back into the market and see if there is a measurable improvement.

Breaking out of a business slump is hard work. Not only does it require that you ask and answer hard questions, but it also means you need to engage in a lengthy process of trial and error that can become frustrating and costly. The worst thing you can do when the slump comes is blame it on the overall economic conditions and try to wait it out until things get better. The company's that are proactive during economic downturns are the ones who become the leaders when the upturn arrives, You need to be active in your pursuit of sales and you need to take the onset of a slump as a hint that, regardless of overall economic conditions, your performance has room for improvement.