

RECESSION SPECIAL

DEALING WITH THE DOWNTURN – A BLUEPRINT FOR SUCCESS

SUCCESSFUL MARKETING & BUSINESS DEVELOPMENT IN HARDER TIMES

So Gordon Brown and the Bank of England have finally spoken the ‘R’ word and it’s official. Over the next six months and well beyond we can all look forward to increasingly gloomy headlines. In the professions, the real impact is already being felt as those serving the bellwether sectors of the economy feel its effects first. Each weekly edition of the trade media brings more news of firms laying off both professionals and support staff; these are largely in residential and commercial property and those firms focused on corporate or banking clients most hit by the effects of the credit crunch – at the moment.

The big question for many of us is...what to do? How are things going to change? How should marketing and business development teams in professional firms respond to the new reality? What should we be doing to ensure that these functions earn their corn in an increasingly parched environment?

In a series of six articles, James Newberry, managing partner of specialist professional services consultancy and training company People Scope, and experienced People Scope associate consultant Maeve Jackson will look in-depth at the effects of recession on the professions and its marketing/business development functions. They will identify the key issues and propose options to help you and your teams survive and prosper in the face of economic adversity.



The series will cover:

Part 1 – Recognise the implications of recession

Part 2 – Re-orientating you and the firm

Part 3 – The blueprint for existing clients

Part 4 – The blueprint for prospective clients

Part 5 – Leadership's role in recession

Part 6 – And when the green shoots start to appear..

BUSINESS DEVELOPMENT IN RECESSION

Part 1 – Recognise the implications of recession

By James Newberry and Maeve Jackson of People Scope

“Those who cannot remember the past are condemned to repeat it”¹

The thing about recessions is that they are pretty regular – but may not be frequent enough: the one of the late 1970s/early 80s; the one of the early to mid 90s; and now the one of the late noughties. Such infrequent regularity means that many of us have either never experienced life outside of ongoing healthy business growth, or if we have, we have forgotten – perhaps tried to forget - much of what we experienced and how we dealt with it “way back then”. From discussions with marketing and business development people in a number of UK professional firms, it is clear that the symptoms of downturn have been present for a while. To cope, we need first to recognise what is happening (and likely to happen) as recession’s effects work themselves through, and take action to mitigate as many of the negative effects as possible.

What happens to clients?

As activity in client markets dries up, knock-on effects are not difficult to see or second-guess, but they have implications for external providers that we must grasp.

Budget reduction – this autumn the signs have been clear. Many firms in our thumbnail survey report fewer tender opportunities, with projects either cancelled or postponed as clients prioritise down to the must-do assignments.

¹ [George Santayana](#), *The Life of Reason, Volume 1, 1905*

As the recession proceeds, we can expect more ‘make or buy’ issues to come up, with some clients taking less complex and complicated work in-house – presumably to be done by fewer people with significantly increased workloads.

Rationalisation – cost reduction has leapt to the top of most corporate and organisational agendas and, if what we read is true, curbing in-house client expenditure may be achieved partly by headcount reduction. So expect to see fewer decision-makers and day-to-day contacts for the services you offer. This is both a threat...and maybe a potential opportunity that we will cover later in this series.

Downward price pressure – dealing with procurement departments has been a fact of life for some firms for some while, albeit their actual impact has been patchy. In recession, the procurement influence and involvement will increase markedly. In general terms, clients will be asking of their providers to “feel our pain” and consider discounts and other price reduction mechanisms.

Increased expectation – with fewer work opportunities on offer, clients can afford to be choosier about who they hire and the greater service levels that they will expect. In this respect, life begins to resemble those memories of school PE lessons: the bar being raised ever higher and then more hoops to jump through!

What happens to professional firms?

At present, “some departments are suffering; some are still working pretty hard” is the message we have heard most often. As the recession deepens, most parts of most firms’ service portfolio will probably suffer – with notable exceptions of course like corporate recovery or restructuring, and certain types of litigation and consultancy. Otherwise, we should see some or all of the following behaviours from the firm and its professionals.

Blind panic – traditional work sources have dried up, so initially there will be a lot of “thrashing around” for new avenues of work. If not directed properly, this results in more of the unproductive activity that professionals can only occasionally indulge in when busy. Scouring the Gazette and pumping out ‘no hope’ tenders by the score is a popular one, we find.

Torpor – this is the option of choice at the wrong end of the scale, usually for partners and others who were business development recalcitrants even in the good times. In the absence of work that walks through the door, they make like Mr Micawber – something will turn up. Except that it won’t, unless they are very lucky.

Reduced activities – at just about the same time as business development focus and effort is especially required, some of the more popular species of traditional professional marketing action have their tails cut off. Entertainment for example begins to look like the wrong thing to be doing when asceticism is the new order of the day for clients. Robbed of this default activity, and without the inputs of experienced business development experts to guide them, more torpor will be the result for some.

Cost reduction – this process has begun. Initially, it mirrors what clients do with their costs: project reviews, prioritisation of key projects for the current year, followed by budget freezes or cuts for the next fiscal. Oh yes, and reductions in head count. There is evidence that some firms have remembered the damage done by ‘slash and burn’ redundancies last time round, so there is and will be redeployment or retraining first: but after that...

What happens to marketing and business development?

Feedback at this initial stage indicates that many firms are viewing marketing and business development investment as important and to be continued. This is good, but will be difficult to maintain if the downturn proves to be a long and thus more damaging one. In essence, the pressure is put on to justify and deliver.

Cost focus – if the recession bites be prepared for positive attitudes to change. Once partnership shares really begin to shrink, the cost-cutting bunny will be hopping all around your department - looking for savings not Easter eggs. So you had better know where real, provable value is or can be created for the firm from the activities that you and your department perform.

The sound of pennies dropping (too late) #1 – the biggest issue that we come across most in professional firms – recession or no – is the lack of understanding of and ongoing graft that is put into developing a robust sales pipeline by the vast bulk of professionals, out with your so-called rainmakers. In the good times this may not matter. In these times, poor pipelines will correlate directly to disastrously poor performance.

The sound of pennies dropping (too late) #2 – the status and modus operandi of marketing and business development within the professions varies markedly. Recession will prove a true test of how much value creation they can really bring to the firms they serve. Those people and departments stuck only at the lower levels of sales support activity (organising seminars, lunches etc.) are going to suffer. Those who are perceived to (and do) offer more strategic value, innovation and better ways to achieve for individuals and the firm will discover that they possess ideas that have their time. This is their moment.

Strange re-assignments – one of the side effects of fee-earner redeployment is that they can be given some interesting things to do to occupy their time – like oversee your bids or tenders or get involved in other marketing activities. As one such fee earner observed: “it’s fine in principle, but I have no real experience or expertise in doing it!”.

The major pitfalls to avoid

Life in a recession carries no guarantees. Past record is definitely no guide to future performance. But there are some basic things that we can recommend you avoid and thus begin to help address the new reality.

No cost/benefit justification – money is now too tight to mention...unless it comes with money attached. Any project you put forward must be tightly costed and show clear benefits and outcomes to the firm – preferably expressed in revenue or profit terms. Yes, in many cases it is not easy to make such correlations, but anything less risks rejection: so try harder.

No or low status - now is the time for all good marketers to come to the aid of their firms. Many beleaguered senior professionals will need guidance, coaching, advice, cajoling, and encouragement. You cannot provide this if the function that you work for is perceived to operate only at the level of a highly-paid handmaiden.

Lack of innovation – if the old ways are not working, then we need new or different ones. At this stage in the cycle, this message is yet to sink in. Sooner or later, firms will have to look seriously at the pressures being levied by clients in these darker times and come up with alternative pricing mechanisms, more closely targeted campaigns, and new routes to market. Marketing has the chance to lead the way.

In the next article, we will explore in more detail the re-orientation necessary for the marketing and business development functions to thrive in economic hardship.

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