

How to Prepare for a Recession

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Let's face it – we're headed toward an official recession. It's a different kind of recession – one that was produced on purpose instead of experienced by accident. But it's a recession nonetheless. And with unemployment claims at their highest level since the Labor Department started tracking the data in 1967 and projections from the medical field that prolonged or intermittent social distancing may be necessary into 2022, it's likely the economy will be disrupted for quite awhile. What should you do to prepare your business?

Here are three strategies to prepare for a recession:

1) Make your core customers your priority.

When you start to bleed revenue, you may be tempted to try to offer as many things to as many customers as possible so that you don't miss out on any potential source of income. But you must actually do the exact opposite.

Now is the time to allocate and spend your resources with laser-like precision. You need to focus your efforts on deepening relationships with your most profitable customers and those who are likely to stay the most loyal to you through the recession. You just can't afford to spread your time, money, and attention over uncertain or unfounded leads and opportunities.

So identify who your core customers are and what they really need and want now. Figure out how the pandemic has changed their needs and expectations and how that might affect how you engage and communicate with them and what you offer to them.

Consider creating at least one new offering for your core customers. Make it something extraordinary that delivers some form of unique value – and then go all-in on delivering it. Be generous — offer extended service hours and terms, provide added value services at no charge, extend guarantees and payment rates, etc. Try to do more for your key customers than anyone else does, more than what you've done in the past, more than even what they're expecting. The more you demonstrate your commitment to them, the more likely they are to reciprocate.

Of course, you can't do this for everyone without adding further strain on your economics, so the key is to focus on which customers are most important to your future – and let everyone else get in line behind them.

2) Increase your brand differentiation.

During recessions, customers tend to become more price sensitive, so you should get out in front of that trend and try to offset the price comparisons customers will be making between you and your competitors. You don't want to have to resort to price decreases or promotions to try to keep or attract customers.

Make sure your core customers see your brand as clearly different and more valuable than your competitors'. You don't want to be perceived as simply *better* than others. "Better" does not create a sustainable competitive advantage because one-upmanship among industry players usually leads to commoditization as everyone ends up doing the same things. Moreover, better is subjective, whereas different can be substantiated.

So, communicate your uniqueness clearly – and as much as possible, increase your differentiation through new features, new offerings, even new modalities.

3) Use your brand to engage employees.

Although employee engagement is important at all times, it becomes mission critical during periods of economic contraction. Employees may experience personal financial instability which can prompt attrition and increased turnover. You may have to ask employees to do more with less and/or to accept fewer financial rewards or lessened compensation. If you have to conduct layoffs, workplace morale can suffer.

All of this means you must inspire and motivate in meaningful ways. Your brand can be a powerful tool for doing so.

Your brand should embody and express your company's overarching purpose, so use it to connect employees to that mission and help them derive meaning from their work. Remind employees why your organization exists and ensure your employees understand how their specific work contributes to that mission. This is always a key leadership responsibility but it's critical now that you connect the dots so that your people know that they matter, especially if you've had to lay off or furlough employees. In these challenging times, your people need a compelling reason to get out of bed, put aside their fears, and make their best effort even.

Your brand can also connect employees to customers. Your brand is about the value and the customer experience you deliver to customers, so use it to keep your customers top-of-mind. Share stories of how your brand continues to serve customers and how you create value for them in new and different ways during the crisis. Share feedback from customers about exceptional experiences that they've received from your employees. Make a human connection by spotlighting who your key customers are and why they say they choose your brand over others.

And use your brand to connect employees to each other. Enable employees to share stories and encourage each other as they work together to interpret and reinforce your brand. Remind them of great moments when employees came together to overcome past challenges or how employees are currently working together to continue to build your brand. Enable people to recognize co-workers who demonstrate your core values in extraordinary ways in these extraordinary times.

These three strategies to prepare for a recession will inoculate your organization from the worst effects of the downturn – and can actually set up your business to thrive and grow.



Denise Lee Yohn is the go-to expert on brand leadership for national media outlets, an in-demand keynote speaker and consultant, and an influential writer. She is the author of the bestselling book *What Great Brands Do: The Seven Brand-Building Principles that Separate the Best from the Rest* and *FUSION: How Integrating Brand and Culture Powers the World's Greatest Companies*. **Leading Through Challenge & Change, Cultivating Culture & Building Brand In Crisis**, and **Lead Your Field: Establish Competitive Advantage** are just a few of Denise's timely topics.

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