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Distribution & Pricing Techniques

## THE EXECUTIVE SUMMARY

### B-to-B Marketing...In A Recession

This is the second in a series of *Executive Summaries* designed to help our clients successfully navigate the recession.

In this summary we address "*Focusing sales and marketing resources on profitable growth.*"

Remember that substantial changes in market share occur during recessionary periods, not during times of prosperity. This recession will prove to be a boon for some organizations, but will be fatal for others.

The three guidelines for focusing sales and marketing resources in a recession are:

- **Consistency in decision making and direction**
- **Selecting the right strategy**
- **Deciding what not to do**

#### Consistency in decision making and direction

Recessions cause fear. Fear can be motivational. It also can result in poor decisions and inconsistent direction. This makes it impossible for an organization to focus on a common goal.

Don't chase markets, sales, or the latest business "fad." Set a course, develop your plan, and stick to it. Any plan consistently executed will be more successful than three excellent plans each executed only "halfway."

#### Selecting the right strategy

There are two potential strategies (and they are not mutually exclusive) for growing in a recession. They are:

- **A market share strategy.** In the absence of dramatic new products or organic growth, you must take business from your competitors to grow and not by cutting prices.

A market share strategy means identifying which competitors are most vulnerable, in which markets, and focusing resources on them to the exclusion of other initiatives.

- **Introducing new products.** New products, especially those that save time or money, are well received during a recession and also result in increased channel loyalty. The morale of those that participate in your distribution process is always bolstered by new products. New product introductions should not be delayed during a recession, but rather accelerated.

Although we did not mention acquisitions, they can be a useful growth strategy during a recession. The availability of suitable candidates, however, is always problematic and as such this strategy is unreliable.

#### Deciding what not to do

During a recession there's a tendency to focus on cutting costs as opposed to reallocating resources. Many organizations go through round after round of cost cutting and end up doing less of everything and focusing on nothing.

Developing a market share strategy requires research to identify those markets/channels and accounts that are most important to your competitors. Next, devote resources to executing the strategy. This calls for a tough decision, one that's unavoidable. Deciding what you're not going to do and what programs you're going to cancel in their entirety is essential.

Many companies reduce all services during a recession leaving them vulnerable to a focused competitor.

**The Point:** Focusing resources doesn't mean just deciding "what you are going to do," that's easy. It means deciding what you are not going to do. Many organizations become victim of what Nobel Prize Winner, Milton Friedman, called the "big company/big government disease," that no program can be "killed." Conduct your research, plan, and execute.



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