

Surviving the Downside Risk

The company that gets into trouble is the company that does not notice that their environment is changing. It is a sure sign that disaster is on the horizon when planning for growth is deferred because management is satisfied with the way things are. There is no such thing. The only thing that is certain is change.

Everyone on the planet is realizing that business as usual is a thing of the past. So where is a place to start looking for the impact on your business? Some will claim that they did not see change coming, that the shifts in their marketplace were unexpected.

Operating environments change. Just look at the impact of the internet on the world. LinkedIn is changing the marketing and sales processes. Webinars, now around for a while, offer new and inexpensive ways to educate the marketplace about who you are and what you know. Information anywhere anytime is changing the entire management paradigm, pushing the decision making processes into management levels that will catch mistakes earlier in the manufacturing, sales and distribution processes.

Are you watching the environment your major customers are operating in? Changes in their world will have a dramatic effect on your business, especially if they stop buying from you. Changes could be out of their control. Perhaps there is a consolidation going on in their market sector with an active M&A environment unfolding. Perhaps there is a price sensitive situation unfolding that is putting pressure on their operating margins. Is there something you should be doing to help your customers' survive a bad situation that will ultimately affect your business?

What are you going to do when a major new competitor shows up on the horizon? Are you going to be ready to compete, to change the rules of engagement that will dislodge them from your customers and marketplace? What are you going to do to keep your clients in the face of new competition? What can you do to lock in your customers or build stronger loyalty?

What are your contingency plans? Are you surrounded with people who can and will keep you safe? Are you ready for the inevitable technical, economic, environmental, regulatory and competitive changes that will affect your business?

Thinking about these issues now, while you have the time, resources and a state-of-mind that is driven by rational thought is critical to the future of your company. Being in a position when you have time to experiment and pursue alternative choices may not only provide a safety net for your business but may open possibilities for new products, services and new market penetration strategies.

You must recognize the downside risks. Your customers, employees and shareholders are depending on you. You cannot afford to miss the signals. You must get this right!

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