

Recession – An Opportunity to Slingshot Your Business Past the Competition

By Arun Shukla

Recession talks headline the business landscape 2023. Strangely though, the prevailing recession measures do not exactly fit into the classic economist's definition. Yet, talking our way into recession is a real threat that will precipitate in near future. Reacting to the recession talk and hunkering down while a valid option is not the winning strategy.

Leaders who can seize the opportunity and orchestrate a dynamic strategic shift will take their business to new heights. The knowledge and necessary tools already exist to exercise the agility. An agile leadership is needed to slingshot the business past the competition.

The US economy, and the US consumer, have been defying expectations. US consumer spending continued to support GDP growth in 2022 despite the dual headwinds of rising interest rates and high inflation. Industrial Production Index registered at 103.43 on December 31, 2022, while trending lower in recent months was still up from 101.76 one year ago. Geopolitical uncertainties, a hawkish monetary policy of raising interest rates and easing of supply-side constraints portend cooling inflation will usher US economy into a broad-based recession driving unemployment rates.

While this outcome may satisfy an economist's definition of a recession, business leaders grappling with open key positions due to a historically low jobless rate and severe labor shortage, this recession talk is a paradox.

A true business leader cannot afford to stand still at the crossroads and become a roadkill. New level of agility is required to simultaneously sense, seize, and shift the business while staying compassionate, factual, and inspiring. Action is needed now.

The Playbook Business Leaders May Deploy:

Facing recessionary headwinds, the business leader will either hire external consultants or dust off the standard recipe that worked for in the face of recessionary headwinds. Their 'to-do' list will typically be:

1. Controlling Costs – lay off 10-15% employees
2. Manage Cash Flow – accelerate collections and slow down payments
3. Diversify Revenue Streams – add new customers
4. Communicate – overcommunicate the threat of recession
5. Micromanage – emphasize on reporting and reviews

Sadly, this stale recipe is not going to work in this new age recession. It will slide the business into a ditch that would alienate customers, supply chain lacking resiliency mismanaged by demotivated and overworked employees creating busy work of reporting and

A new playbook is required but that's not enough. Akin to driving a car with automatic transmission, while the ease of operation and that we can drive with distraction of fiddling a phone and other creature comforts, the business environment will need a higher degree of participation of an alert driver at the steering. Leaders require the dexterity of a stick-shift manual transmission to take charge of executing the playbook to get ahead.

A New Playbook that Business Leaders Need:

SLKone recommends rethinking the approach to make the recession and opportunity.

1. Begin by double clicking on portfolio of customers and products – Historically recessions are known to have their favorite industries that take a direct hit e.g. automotive, construction, financial services, manufacturing, retail and tourism and impacting others such as food, groceries, healthcare and pharmaceutical to a lesser extent. Avoiding customers in former and securing customers in latter may have worked intuitively in the past. However, the new playbook we recommend at SLKone departs from these generalizations. The key word here is 'double clicking'. Identify which customers in your portfolio will actually come out as winners in spite of recession. More importantly, how the products and services your business offers will be necessary to write their success story in the key. Many SLKone clients have successfully managed their customer-product portfolio complexity leveraging rapidly developed perspectives that connect through 'order to cash' business operations and finance processes.
2. Meaningful innovation - Recession triggered smart cost reduction is likely to kill much of meaningless intellectual and non-commercial hobbies within an organization but this does not mean that business leaders strangle all pursuits innovation to reduce the costs. What is required is shifting focus to what will create lasting success for the customers. Engaging customers and vendors in purpose driven innovation and aligning the interests of ecosystem is the key. Best innovations in the future will not be a groundbreaking idea but recognition of a problem and a practical process tweak that allows the value chain to do more with less waste. SLKone teams have engineered performance metrics build and facilitations for clients to pivot siloed innovation to rethinking across the value chain.
3. Real time information vs. smart knowledge creation – Relying solely on real time information is still a view in the rear-view mirror and it going to create panic and make operators numb. Smart data driven decision tools and not long sit-down review sessions are going to be the best ally for effectuating this playbook. Each SLKone client

engagement is crafted to build leave behind tools for informed decision making by the business leaders and their teams.

4. Inspiring the employees – Instilling recessionary fears will paralyze the employee pool and it is the last thing in a business leader's mind. Yet, the old school playbook does exactly the same. Avoid long reviews of real-time reports. The headlines are going to be bad. SLKone does not recommend ignoring the facts either. What we suggest is shifting the employee dialog from inert incapacitation to empowerment. Their insights need to be integrated into what the business is and should be doing with its customer-product portfolio. Employees should be encouraged to act on innovative tweaks and be rewarded for that. Chances are that recent pandemic experience has established remote work protocols. Rather than forcing employees to be physically present in offices, avoid the unproductive transit times and improve work life harmony.
5. Executing the Slingshot playbook – The purpose of creating the playbook is not to survive a recession but how to get past the vulnerable competition and secure permanent lead. We have witnessed dramatic slingshot maneuvers in Formula 1 car race but it is prevalent in other sports such as cycling and businesses can execute a similar move. The key is positioning, waiting for the right moment, and then applying an extra burst of energy to get past the competition. Steps 1-3 help a business position itself for the opportunity, Step 4 with an inspired employee pool provides the collective energy needed to slingshot past the competition.

This routine can be universally played regardless of recessionary environment, but it becomes a business imperative during prevailing business landscape to rally the team for better outcomes.

Predicting the 'when' and 'how' of recession is a wasteful debate. It is a myth that ostriches bury their heads in the sand, but businesses are known to demonstrate such behavior during difficult times with catastrophic results. Recession, when, and not if, it hits is going to require new approach. The SLKone playbook enacted with support from motivated employees, business leaders can seize the moment to catapult the business to turn recession into an opportunity.