

### Surviving the Credit Crunch

Recently a mortgage industry executive was quoted as believing that if you did not shed 40% of your staff then you were likely to encounter very troubled waters. At first glance this is a compelling headline that summarises the fear that the current economic situation engenders in many. However, a little reflection is required. Any figure is of course arbitrary. If you were massively over recruited in the first place then 40% is possibly a very realistic figure but the likelihood is that in many cases it will be less and for some unfortunates it may be more.

The response of companies in a downturn like this has to be proportionate and that response depends on your client base, your product range and product mix, and your own cost base. Your response has to reflect what you are going to do moving forward as well as what you feel you have to do to survive in the short term. It is this careful balance of planning and crisis management that provides the Platform for a successful transformation or adaptation to our new world.

So in the list of things to do, the first is to re-examine your business plan. Sit down and read it from the perspective of someone about to invest in your business - and make any revisions that seem appropriate. Furthermore, if ever there is a time to network, this is it. If you don't belong to a local business organization, do it. Here are groups of people facing similar challenges to you. Their expertise and resources can be a powerful support in tough times. Look after your customers. Find out if there are ways you can expand what you do for them. Don't stop your publicity work if people are looking for better ways to do business and you have established strong customer satisfaction. Get that message out. Consider broadening your proposition into new areas. Diversification gives you more stability because a down market in one product may be compensated for by another product or service offering. Finally, look at fixed and variable costs. If you employ people remember that economic downturns are scary times for everyone. Many firms cut personnel and add to the workload of the remaining employees. Therefore before you do anything drastic, look at ways as to how you could effectively redeploy your staff.

Whether or not a recession is on the horizon, any of these methods can strengthen your organization - and your bottom line. This approach understands that there is no one size fits all solution. You must have the courage to do what you need to do but not to over react and not to over play the situation. While we all recognise that there are difficult times ahead, remember that, as far as headlines go, we are hearing much about the companies who are suffering and very little from the companies that are making a good fist of surviving. A company's ability to remain flexible and adapt if necessary is what is key.