

RESOURCING COACH

“You have to cut once, quickly and deep”



10

SECOND TIPS

RIDING OUT THE RECESSION

- 1 | Act fast and don't be afraid to make difficult decisions about your workforce
- 2 | If possible, avoid cutting training and marketing budgets
- 3 | Avoid making small cuts around the office that will make staff feel uneasy

Alex Pratt, business expert and founder of reading-light company Serious Readers, says that tough times call for tough decisions when running a business

We've grown up on a diet of plenty – plenty of people, money, freedom, access to debt. Now we face significant change, a future where we have less of everything. This new era of austerity is going to be with us for a long time, just as the era of plenty was. As business people, we are so used to running a business when there's plenty that we're not equipped to deal with the change.

Many people will take longer than they should to act, but you need to act fast. You've got to cut, and you have to cut staff. People tend to try and get away with minimal pain in the short term by keeping people and cutting another budget. They salami-slice their way down. That means staff are always waiting for the next cut. You have to cut once, quickly and deep. And don't lose people who have the cheapest redundancy payments. Lose people who don't fit the new shape of the business.

Cutting training and marketing budgets only helps

in the short term. Distancing yourself from the customer and not investing in making your team any better is ridiculous. You should increase your targeted training spend so the remaining staff are more productive. Invest in your customer and increase marketing spend. Concentrate on the things that are going to get you out of the problem.

Never cut things that panic the workforce. People are your most expensive resource, so their productivity is a significant piece of investment. You need them engaged, not looking over their shoulders. If you cut the free coffee and water coolers, it panics them. Focus on being open and

transparent with your team. It isn't necessarily a bad thing that business is changing. Anybody can run a business when people are throwing money at you. The recession provides focus and highlights the areas that need work. See it as an opportunity to make your business fitter. There are three ways that you can deal with the storm that we're in: you can try to sail to dry land and get out; you can batten down the hatches, go below deck and hope to ride it out; or you can lash yourself to the deck and move forwards when it's safe to do so. Good businesses are doing that – moving forward, not just surviving.

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