

Steering your business through the storm



Steering your business through the storm

Four ways to navigate the current recession

Int.

Predicted, but unprecedented

01

Balance core value and innovation

02

Manage your finances with discipline

03

Prioritize customer-facing teams

04

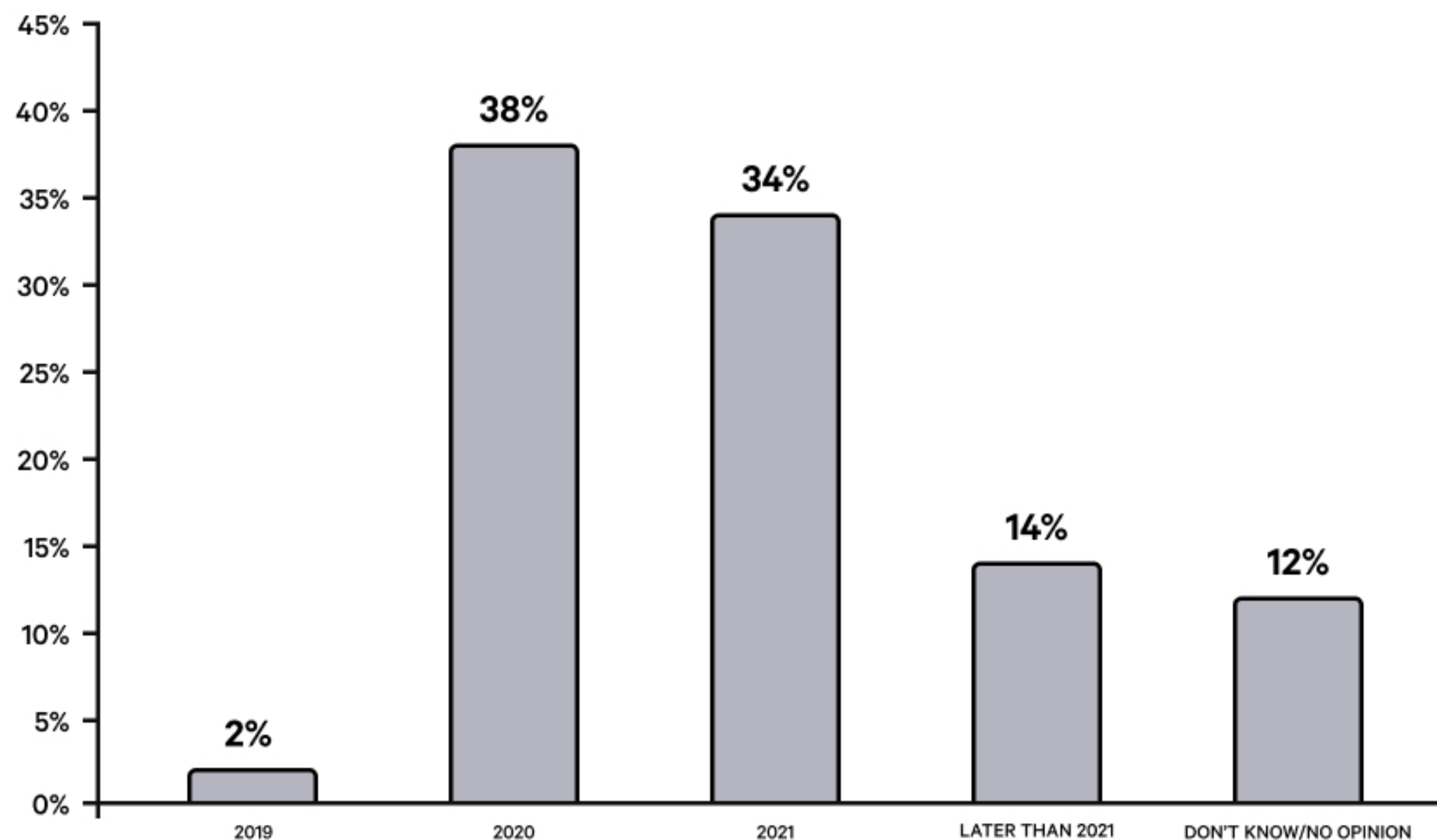
Stick to the essentials

Int. Predicted, but unprecedented

For years, economists have predicted a recession. According to an August 2019 survey* by the National Association for Business Economics (NABE), 98% of NABE members surveyed believed the U.S. economy was headed for recession.

38% of them even predicted 2020 as the year downturn would strike. However, none of them predicted the cause.

When Will the U.S. Economy Enter the Next Recession?***



*<https://files.constantcontact.com/668faa28001/2f0b98b4-3c7e-47e3-ade5-9887542aa300.pdf>

This is already shaping up as the deepest dive on record for the global economy for over 100 years. Everything depends on how long it lasts, but if this goes on for a long time, it's certainly going to be the mother of all financial crises.

—Kenneth S. Rogoff, Harvard economist

01 *Balance core value and innovation*

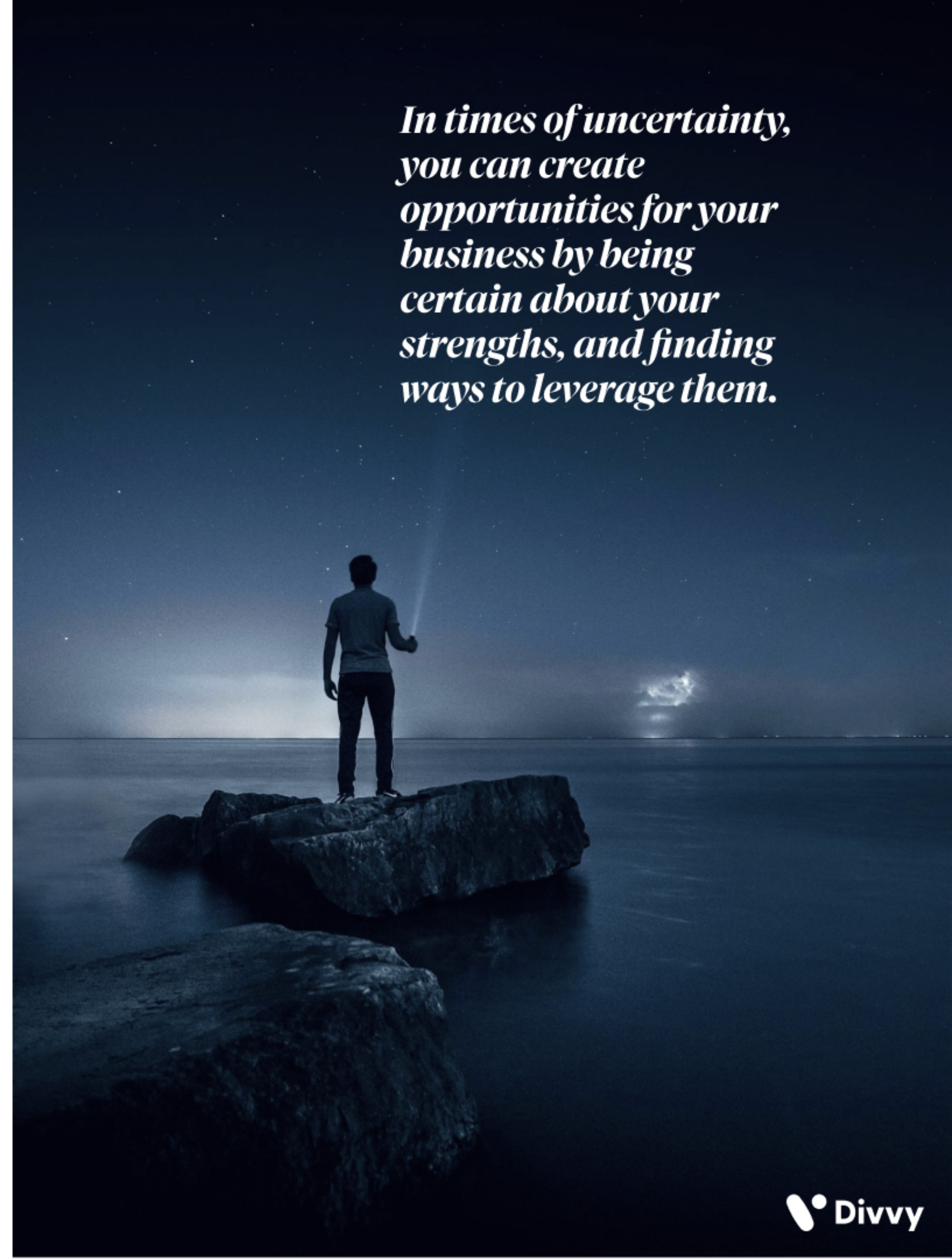
At the cusp of a recession, many businesses start diversifying, and that's a smart move. Diversify your product, your partnerships, and your client pool—but don't lose sight of your core value to customers. Stay focused on:

- *What your business does best.*
- *What your customers need most.*
- *What your position is in your industry.*

A report by Bain & Company* found that companies emerging strong after the Great Recession (December 2007–June 2009) invested heavily in research and development. In contrast, weakened companies dialed back on R&D.

The winners continued to innovate, while the losers stagnated. In times of uncertainty, you can create opportunities for your business by being certain about your strengths, and finding ways to leverage them.

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*<https://www.bain.com/insights/beyond-the-downturn-recession-strategies-to-take-the-lead/>

02 *Manage your finances with discipline*

Recession or no recession, every business needs efficient cost programming to keep day-to-day operations running smoothly. This, in turn, contributes to long-term financial stability.

In an article about how to survive a recession, Harvard Business Review* reported that the most successful companies during and after the Great Recession relied more on operational efficiencies than layoffs to cut spending. The key for these companies was making decisions based on sustainability rather than slashing and burning with sizable layoffs.

Importantly, they also recognized that “digital technology can help cut costs.” The key takeaway for your business: Implement financial software designed to streamline processes and encourage discipline with built-in controls for budgeting and spending. If you can find a free solution, all the better for improving operations while cutting costs.

The key for these companies was making decisions based on sustainability.



*<https://hbr.org/2019/05/how-to-survive-a-recession-and-thrive-afterward>

03 *Prioritize customer-facing teams*

Marketing and sales may seem non-essential during a recession, but the Bain & Company report* says otherwise. Just as companies that invested in R&D between 2007 and 2008 were stronger in the post-recession economy, so were companies that continued investing in marketing.

The reason: Buyers feel restless during an economic downturn, which leads to high-pressure purchasing decisions. With support from marketing, sales, and customer success, your company can simplify those decisions by presenting a clear choice for customers.

However, you should not neglect the current emotional climate. Targeting the tragic circumstances surrounding the recession could appear opportunistic or tone-deaf. Understand the new challenges your customers face and be sensitive to them, but stick to your tried and true target audiences and strategies.

Most of all, continue to offer value. In times like this, customers appreciate genuine outreach—with the goal of helping them, not selling to them.



*<https://www.bain.com/insights/beyond-the-downturn-recession-strategies-to-take-the-lead/>

04 *Stick to the essentials*

In moments of crisis, it can be hard to know what to do. Identify and trust your anchors: What's essential for the success of your company? What can you live without?

Develop a plan of action for your company and stick to the essentials. Here are four steps that can help you steer your company through the storm:



1. Review budgets.

Now is the best time to review your budgets and communicate with every member of your team—leaders, managers, and employees alike. Make sure that everyone in your company understands how their spending affects the business as a whole.

2. Watch for fraud.

After the 2008 recession, 55% of certified fraud examiners* said that occupational fraud increased—both in frequency and dollar amount. Monitor your data regularly and consider a surprise audit to decrease the risk of fraud in your company.

3. Encourage timeliness.

Submit expenses and pay vendors on time to keep from paying costly late fees. When planning for the future, avoid overpaying for last-minute travel or shipping.

4. Lock in travel plans early.

In addition to considering the benefits of things like energy efficient light bulbs, consider other ways your business could save time and money by streamlining inefficient processes that limit productivity. And don't forget to check into the emotional well-being of your team. Without regular goal-setting and pep talks, your employees could quickly lose steam.

*https://www.acfe.com/uploadedFiles/ACFE_Website/Content/documents/occupational-fraud.pdf

About Divvy

Divvy is a free spend and expense management platform for business with optional add-on features available for a fee.

In addition to helping companies end overspending with pre-approved budgets for employee credit cards, Divvy makes it easy to track and control expenses with real-time visibility of every transaction. And, with features like Divvy Bill Pay and Divvy Capital, it consolidates spending and streamlines administrative processes to help save time and money, so every business can spend smarter.



Ready to start spending smarter?

Get a demo and we'll reach out shortly to show you how.

GET A DEMO