

Four Actions to Survive the Recession and Emerge Triumphant

9:26 AM Friday January 9, 2009

In these dire days, doing nothing is not an option. Passivity will only make things worse. But what can we do when there is little or no new investment? Here are four useful actions I've seen work effectively.

Move while others are distracted. This is the strategy of a very successful long-term CEO who has steered a European company into global prominence as one of a handful of industry leaders. He cultivates important relationships during times of crisis when competitors are looking elsewhere, enabling him to make acquisitions others coveted but couldn't get.

This is also how Continental Airlines, under Gordon Bethune, profited when the Northeast electric power grid went down for two days in 2003. Other airlines canceled hundreds of flights, while confident Continental's empowered employees kept their flights going. Noting the stranded passengers from other airlines when LaGuardia and Kennedy airports closed, Continental ran extra flights from Newark, thereby rescuing the passengers and making millions of extra dollars for those two days. Competitors lost money and goodwill.

Announce and own a grand concept. Okay, you might not be able to raise money for it nor do much about it now, but you will be well-prepared when markets recover. Ideas are cheap to begin to articulate and brand--and priceless once established.

In early November, as the financial crisis was still fresh in its horror (and Obama's election still fresh in its exuberance), Sam Palmisano announced "Smart Planet," a new IBM concept, via a speech at the Council on Foreign Relations in New York. The intention for now is to stimulate discussion and pin down the idea of intelligent networks for future infrastructure, or any of the other aspects of a smarter (more information-infused) capacity for roads, buildings, supply chains, etc. With a modest communications effort, IBM can put the "smart planet" idea on public policy agendas and "own" an idea ripe for action whenever recovery occurs.

You don't have to be an IBM to own ideas. A few years ago, colleagues and I at Harvard floated the idea of "Advanced Leadership," a new stage of higher education, and kept the idea alive even through a standstill at Harvard during a transition of presidents. We did things that cost nothing, such as writing a working paper, speaking at conferences, and getting colleagues interested. We were ready when new initiatives were supported again, and we "own" a well-received innovation idea.

Get rid of things that have outlived their usefulness. This is a personal lesson, since I deal with crisis by removing basement clutter or giving away old clothes - nothing like that clean closet feeling, and the action is under my control. The same principle applies to businesses. Turbulent times demand that resources go to the high potential areas. If a company is still too cluttered with product SKUs that proliferated unnoticed, declining lines of business, meaningless rules or reports, or the like, do the housecleaning, fast. Even those who don't like it will understand.

Concentrate on helping your users, clients, or customers succeed. Always good advice, but now we have to really mean it. Obviously, companies dependent on their revenue-paying customers cannot afford to stand by while those customers decline. Sometimes that involves giving them extras for nothing.

Leaders of a large consulting firm have told their staff that they should worry more about their clients than about themselves, thinking up ways their clients can survive, even if every microsecond isn't billable. Or if you are a supplier of a diagnostic tool to hospitals, for example, and see a cost-saving idea outside of your area of expertise while hanging around the hospital, pass it on.

Generosity might not get you anything now, but you'll be well-positioned for the future, hopefully with healthier customers and bigger ideas. * * *

