

## Decisive actions during tough times

In a world that seems to be falling apart, decisive actions at critical times can make the difference between survival and extinction for businesses – especially SMBs. Find out how businesses can innovate during these bad times whilst still keeping ambitions firmly on track.



“Sometimes you make the right decision; sometimes you make the decision right.”<sup>1</sup>

Dr Phil, American Television Personality, Psychologist & Author

### STANDFAST

2008 was truly a year to remember (or to forget, depending on how your business is going). It was the year where the world's economy as we know it turned topsy-turvy. It was the year when the terms 'sub-prime mortgage' and 'Lehman Brothers' became a part of the layman's vocabulary. It was

the year where the Dow Jones Industrial Average dropped a whopping 33.8%, and the unemployment rate in South East Asia alone rose to an unprecedented 5.7%.

The financial meltdown that started in the US has reverberated throughout the globe and even conservative companies in Asia have not been spared the jitters. With banks all around the world, S.E. Asia included, tightening credit lines and consumers keeping their wallets firmly in their pockets, companies all around the region are taking a closer look at their bottom lines and cash flows. In South East Asia alone, spending by companies headquartered here have dropped by 17% year-on-year from 2007. (Source: Semi Foundation)

But where bigger corporations are usually better-equipped to ride out such a protracted downturn and able to reorganise their internal operations as necessary, the SMBs have less room to manoeuvre, and decisive actions become necessary to ensure survival of the SMBs themselves.

### STAY DETERMINED

Winston Churchill once commented, “Success is not final, failure is not fatal: it is the courage to continue that counts.” This has never been more apt than today. The businesses which can thrive in such an uncertain economic climate are defined by their ability to band together, make tough decisions and be determined to ride out the bad times.

<sup>1</sup> <http://thinkexist.com/quotation/sometimes-you-make-the-right-decision-sometimes/405940.html>

Asia Travel Ltd, founded in 1995 and the company behind the popular travel portal [www.asiatravel.com](http://www.asiatravel.com), sees this economic downturn as an opportunity, not a setback. About 1½ years ago, Asia Travel Ltd started expanding into new destinations and new products in order to mitigate the slowdown in demand for their core destinations.<sup>2</sup> This is an example of a business that was determined to thrive in the recession by taking advantage of the economic climate. With consumers conserving their money during the recession, Asia Travel Ltd see this period as an opportunity to increase sales by exploring untapped market segments and offering attractive deals on their portal. This steely determination to ride out the crisis, coupled with shrewd business acumen, puts Asia Travel Ltd in a position to survive and even expand, in the difficult year to come.

From the new president of the United States of America to the management of every SMB, the level of determination to see this crisis through will be what makes or breaks the ability to survive this crisis. Tough decisions during tough times are necessary, but it is the tenacity to see those tough decisions through over time that will define the character of every business affected by the current economic downturn.

## DON'T OVERREACT



The worst time to panic is precisely when there is an overwhelming urge to do exactly that. Difficult times do not necessitate overwhelming change and it is sometimes better for businesses to look at many small changes in practices rather than instituting one drastic, corporate-changing policy change.

As an example, SMBs with concerns about their bottom-lines looking to cut operating costs may be tempted to retrench employees and dissolve whole departments. While such actions may directly and immediately improve the bottom-line, intangible costs such as operating adjustments and employee morale may in time affect the viability of the business in the long run. Instead, businesses need to find ways to reduce their costs across the board in small amounts rather than axe any one component completely.

One way is by making variable pay adjustments across the board, instead of whole-scale severance can actually serve to bond employees together and leave critical business units intact. Reducing business travelling expenses is another way of lowering costs. This can be done by deploying useful technologies that can make communications better and easier. Some examples include holding meetings via video conferences or phone calls (VoIP). Simplifying operations by introducing a single voice and data network is another solution that reduces costs. Holding marketing events within the company's premises is another cost effective way to increase company's exposure, and at the same time, trigger sales value. Online transactions can also be conducted to reduce the amount of paperwork involved.

Decisive action is necessary, but panicking and overreacting to environmental circumstances can do more harm than good to businesses in the long run. Such decisive action can only be taken after options are studied, and an informed conclusion has been reached.

<sup>2</sup> Case Study, NUS Business School  
[http://www2.bschool.nus.edu.sg/Cerebration/2009/case\\_summary.htm](http://www2.bschool.nus.edu.sg/Cerebration/2009/case_summary.htm)

## STUDY YOUR OPTIONS

It is not a coincidence that pundits have labeled the current economic environment as the Knowledge Economy. Knowledge is power and business owners need to gather as much information as possible so that they can make the best decisions in a timely manner. From the study of such options, alternative solutions may become apparent, and a concrete course of action may be taken.

Business options can be gleaned from a variety of sources:

- Old-fashioned research:** Hit the library or the internet. Numerous resources on different business directions are available cheaply or even for free.
- Study your competitors:** What are your competitors doing? Can their measures be applied to your company?
- Know your industry:** In what direction is your industry moving? Should you expand, consolidate, or slash?
- Seek a mentor:** Economic ups and downs are a fact of business life. There are many out there who have sailed through an economic storm and lived to tell the tale. They may well have sage advice for you.
- Government institutions:** As SMBs create most of the employment in the Asia Pacific region and form the backbone of regional economic growth, many governments are encouraging small and medium enterprises with good products or services to start, sustain and grow their businesses.<sup>3</sup> For example, **The Small and Medium Enterprises Working Group's (SMEWG)** is set up to encourage the development of small and medium enterprises in the Asia Pacific region and to assist them in improving their competitiveness and facilitating a more open trade and investment environment. **Enterprise One** in Singapore introduces more funding and relaxed criteria for its financing programmes as well as new loans, grants and initiatives to small and medium enterprises from 1 December 2008. **Small and Medium Industries Development Corporation (SMIDEC)** in Malaysia offers initiatives and programmes that are directed towards addressing constraints and enhancing capabilities of SMEs in areas such as financial accessibility, advisory services, marketing, technology and ICT.

## BE CREATIVE

The hard times are the most opportune for creativity, and businesses can choose to try different methods that can reduce their costs, improve their sales and develop their overall relationship with clients and suppliers. The end result will be an appreciative group of people all around ready to be tapped when the upturn happens.

The best thing about creativity is that it can be applied to every single area of business. Think of how you can be creative in streamlining operations, in promoting your product or service, in engaging your customers



<sup>3</sup> Asia Pacific Economic Cooperation  
[http://www.apec.org/apec/apec\\_groups/som\\_committee\\_on\\_economic/working\\_groups/small\\_and\\_medium\\_enterprises.html](http://www.apec.org/apec/apec_groups/som_committee_on_economic/working_groups/small_and_medium_enterprises.html)

and in motivating your employees. The process of creative re-invention in your business can help save costs and still ensure your business stands out from the rest of your competitors.

For example, managers of SMBs can consider combining certain departments to increase productivity and reduce costs. To improve financial performance through increased sales turnover and inventory optimisation, Sony Marketing Asia Pacific adopted mySAP™ Supply Chain Management for its Pan-Asian region. One implementation is to combine purchasing, manufacturing, distribution and transportation data and constraints within a single tactical model to plan supply requirements.<sup>4</sup>

Another example will be Crocodile, a Singaporean company with retail presence across most of the countries in S.E. Asia, relies on creativity not only for its design of apparel, but also for streamlining Point-Of-Sale (POS) processes and inventory management. "Perpetuating our long-standing reputation for contemporary designs, our designers draw their inspiration from international fashion shows and events to conceive our collection," said Jaslyn Koh, Assistant General Manager, Singapore Crocodile (1968) Pte Ltd in a Customer Solution Case Study by Microsoft Dynamics.<sup>5</sup> This emphasis on creativity has ensured that Crocodile's apparel remain relevant to today's market. Creativity was also the driving force behind Crocodile turning a healthy profit for the fiscal year of 2008.

## TAKING ACTION



At the end of the day, any action you take on behalf of your business need not be to the detriment of clients, suppliers and staff. Times may indeed be difficult for businesses and individuals alike now, but the actions business owners make can still be to everyone's benefit in the long run. What is important is not to wait until it is too late before taking decisive actions. Keep your business decisions timely and relevant, drive those actions with creativity and steely determination, and your business will reap the benefits in time.

<sup>4</sup> SAP Customer Success Story by SAP AG  
[http://72.14.235.132/search?q=cache:GRs6CwajXDwJ:www.sap.com/solutions/business-suite/scm/pdf/CS\\_Sony\\_Marketing.pdf+sales+marketing+combine+asia+business&hl=en&ct=clnk&cd=1&gl=sg&client=firefox-a](http://72.14.235.132/search?q=cache:GRs6CwajXDwJ:www.sap.com/solutions/business-suite/scm/pdf/CS_Sony_Marketing.pdf+sales+marketing+combine+asia+business&hl=en&ct=clnk&cd=1&gl=sg&client=firefox-a)

<sup>5</sup> Case Study by Microsoft Dynamics on Customer Solution  
[http://72.14.235.132/search?q=cache:Wkcj9eUkqEcJ:www.ibzcs.com/downloads/Crocodile\\_Case\\_Study.pdf+crocodile+jaslyn+koh&hl=en&ct=clnk&cd=1&gl=sg&client=firefox-a](http://72.14.235.132/search?q=cache:Wkcj9eUkqEcJ:www.ibzcs.com/downloads/Crocodile_Case_Study.pdf+crocodile+jaslyn+koh&hl=en&ct=clnk&cd=1&gl=sg&client=firefox-a)

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