



Trading in Tough Times

By Patrick Ballin

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Exceptional situations call for exceptional solutions. In the current economic climate, retailers have to look at every aspect of their business to trade successfully through tough times.

At a strategic level, this means knowing what your core proposition really is: what do you need to keep and what can you afford to let go? For some retailers, this may even mean accelerating their diversification into new channels and markets, reducing the dependency on flat lined domestic business. But this can't be a knee-jerk reaction – it's one thing to up the ante on a strategy you were going to pursue anyway, another entirely to leap at every opportunity that presents itself.

In his bestselling book "Good to Great", Jim Collins describes the "hedgehog concept" – the idea that the core of every business should be a solid understanding of what it is most passionate about, does exceptionally well and drives its economic engine. Do you know what these things are for your business? Because if you do not – or if these are three different things – then you are at risk of setting out in too many directions, or none at all.

Another approach could be to look for what strategy guru Eisenstat calls the asymmetries in your business. What's genuinely unique about your offer – things that, even if you do not fully exploit them, have commercial potential and are really tough for a competitor to replicate?

For business leaders, these same questions apply – and never more so than in tough times, when your personal resources are under their greatest challenge: and when you may find yourself in the unwelcome position of looking for a new job. What is your personal "hedgehog concept"? What do you have, personally, that other leaders would find hard to copy? Organisations such as the welfare charity Retail Trust are starting to offer resources to help retail managers at all levels to consider these questions and look at their personal qualities and the opportunities that will take their careers forward.

Managing in hard times calls for different and sometimes unfamiliar skills. Today's retail leaders have not all experienced recessions before – when the dotcom bubble burst in America and Asia in 2000, the UK was not particularly hard hit; and it is sixteen years since the UK boom and bust of the early 90s. Personal qualities such as resilience come to the fore; and skills that may have become unfamiliar such as tight cost control become more important. What are you doing to equip today's managers for the current market conditions? This is an area where I am finding that individual coaching and work with management teams can get quick improvements without massive investment. There is currently neither the time nor the money for the prestigious management programmes that some organisations may have been able to fund in the last decade.

At the heart of retail is the customer, the product offer and the service offer. Tight management of cost and margin is important but it's not enough. Retailers have to be anticipating customer responses to their marketing and merchandising initiatives and reading the road ahead. Conferences such as the Arc Retail Master Classes in March are starting to pull together retail leaders and industry experts, to learn how best to do this. We are going to have to be more responsive; more agile; and cleverer.



Underpinning this is the need for timely, high quality information.

Knowing what is going on and being able to respond to customers and competitors has never been more important. As Unipower knows, this means that the data that has hitherto been scattered across different channels and lines of business has to be pulled together into one place, providing a single useful view of what customers are doing.

There's a useful saying: when life gives you lemons, make lemonade. Even in tough times, resourceful retailers do not panic. They accelerate the strategies that are important to them; cancel activities that are no longer core; and ensure that they have the skills and personal resources that are going to be required to weather the storm. They drive their operation from an understanding of customer behaviour, an anticipation of needs, a clear vision for the business and very high quality information. Such retailers are not simply survivors: they are winners. And even in tough times, winners know how to make lemonade.

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