

How can we locate and fuel growth opportunities in an economic downturn?

A management consultant's perspective.



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The current global recession is testing the most talented and seasoned executives to eke out growth amidst the worst economic downturn since the Great Depression. Grippled by insecurity about the future, corporate leaders are moving quickly to insulate their companies from the combined forces of tight credit markets, lower consumer spending and the paralysis of uncertainty. This “insulation” often comes in the form of cost-cutting, which is the fastest way to back-fill profitability in an economic slowdown.

The cost-cutting lever, of course, must be used with intelligence and forethought. There are too many examples of companies that move aggressively to cut costs, only to realize they have hollowed out key reservoirs of value—such as customer loyalty, brand value or product quality. What’s more, cost-cutting is essentially a defensive posture. Those companies that “hunker down” to weather the recession will likely find that the competitive landscape will shift dramatically around them.

Find Opportunity in Disruption.

Without doubt, aggressive, defensive moves to shore up balance sheets and cut recurring, peripheral costs are vitally important in the current crisis. But leaders must also keep in mind that seismic disruptions—whether related to the economy, new technologies or global market forces—are often wellsprings of innovation in business.

You may believe that your success in this crisis is defined by how well you are *surviving* the downturn, but management must also approach this upheaval as an opportunity. Consider:

- How will you go on the offensive to pound your competition in the downturn? What investments or strategies are your competitors undertaking to leap ahead of you? Have you gotten into their heads?

- Is your cost-cutting program simply a percent-based “thinning” or have you adopted zero-based budgets to truly evaluate core resources vs. fat?
- How have you rolled out cost-cutting measures? Have you adequately planned for the cultural and organizational adaptation needed to support and sustain these changes?
- Have you pinpointed the essential features of your product or services that drive value? How will you use this information to operate more aggressively?
- Have you looked at your M&A strategy? What opportunities exist in this downturn to sweep up smaller competitors or complementary technologies?
- Are you positioning yourself for top-line growth, or have you abandoned new products or innovations due to capital constraints?

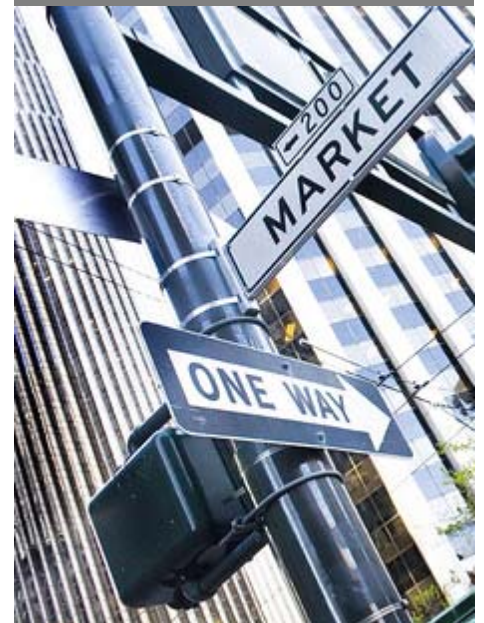
A problem many face: “survival” is a more comforting objective during a downturn than “innovation” or “adaptation.” The current climate feels so unstable that management is paralyzed with uncertainty—unable to drive the aggressive, innovative tactics that may have characterized profitable periods. While this reaction may be understandable in the first “triage” months of the market’s turmoil, we are now deeply entrenched in the current recession and management needs to wake up to our new—and likely prolonged—economic reality. In other words, leaders must begin to move beyond survival-mode to an aggressive desire to exploit the current environment for competitive advantage. Market-leading companies exploit downturns to fix weaknesses in their business models and support product innovation.

Where Does Northpoint Advisors Fit In?

I have heard managers say that in these lean times, hiring a management consultant feels extravagant and expensive. I would argue that at no time is an independent and highly skilled consultant more critical. An effective management consultant essentially works as a skilled business mechanic, fine-tuning business operations and practices to drive growth and innovation. Time and time again, we help our clients build top-line growth by fueling up existing or new revenue engines—even in times of economic crisis. What’s more, we are deeply experienced organizational mediators, building internal alliances to advance change. And let’s be real: all companies are undergoing radical change.

As leaders we hate to talk about our setbacks, pain points or missteps. But as a leader, you’ll learn more about yourself and the team you lead when you misstep... The transitions and setbacks are the most important things for you and your team’s development.

John Chambers, CEO
Cisco Systems



In the midst of this crisis, we have undertaken a number of initiatives for our clients that position them as advantaged players in their markets... Key among them is a service we call **Quick Lift**SM.

Using our time-tested and highly nimble **Quick Lift** program, we dive in quickly and quietly to:

1. Identify key problems and opportunities using a proprietary set of qualitative and quantitative tools,
2. Develop a tactical plan that is actionable and sustainable, and
3. **Work with your team to deliver top-line lift in 30 days.**

All Northpoint programs include on boarding to ensure your team is signed up and ready to push implementation, as well as robust dashboard tools to stay focused and on-track. Our quick-lift tactics often inspire companies to rethink strategy—and realize added growth—across other enterprise activities. In other words, even time-limited Quick Lift engagements can have a profound effect on revenues drivers across the organization.

The natural reaction to the market slowdown is to batten down the hatches—pulling in costs and focusing on core competencies. There is great fear in moving beyond this mentality. Northpoint Advisors engages with clients to share insights—and confidence—to drive sustainable growth. We strongly believe that even in this environment, we can help businesses find quick lift, as well as position companies for strategic advantage beyond the current slowdown. And most importantly, we help our clients move past the paralysis of uncertainty to refocus on top-line growth and innovation.



Dick Van Belzen
Managing Director
Northpoint Advisors



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