



April 2009 - Leadership Letter (37)

CARPE OCCASIO: Seizing the Upside of a Downturn

Dear clients, colleagues and friends:

I've enjoyed reading a book on the history of our Little Miami Railroad in SW Ohio, lent to me by a friend. This little history covered much more than that, including our early American roads, canals and other railroads.

The Little Miami Railroad was begun shortly before the panic of 1837. Just prior to that, "the Country had gone mad, speculating in land and turnpikes, canals and railroads. Business men and farmers were so busy swapping future chances that they had no time to work ..." Sound familiar?

A client newsletter, **The Danis Scoop** (Danis Construction), also contains some news relative to our current situation: "Every newspaper, magazine or TV news program is singing the blues about the economy and how the sky is falling." Meanwhile, Danis has a backlog (schools and healthcare) that is on target to meet their goals.

Danis' Director of Business Development, Mark Graeser says, "Keep up the good work ... we will make it, not without some challenges, but we have survived many a recession in our 93 years, and we will make it through this one."

I hope you enjoy the following: ***Carpe Occasio: Seizing the Upside of a Downturn.***

Wishing you all the best,

Mel

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CARPE OCCASIO: Seizing the Upside of a Downturn

Difficult economic times call for extraordinary measures and offer extraordinary opportunities mixed in among the all-too-obvious difficulties.

This is so whether the difficult economics are widespread or focused mostly in your markets, or are just within your business, enterprise, service or agency.

Several books and articles have been stimulating in this regard:

- “**Seizing the Upside of a Downturn**” by Donald Sull (*Financial Times*, Jan. 2009)*
- “**A Broken Business Model?**” by Stone and Vance (*NY Times*, Jan. 2009)*
- “**Sudden Impact**” (on the Credit Crisis) by E. Krell (*Consulting Magazine*, Jan./Feb. 2009)
- *Business as Unusual* by Pritchett and Pound (2008, Pritchett Publishing)*
- *Managing the Professional Service Firm* by David Maister (1997, Free Press)
- *Change* by Watzlawick, Weakland and Fisch (1974, W.W. Norton & Co.)

The opportunities are **there** ... and if you don't seize them, others certainly will sooner or later in normal times, but especially in challenging times.

Companies as large as Procter & Gamble and McKinsey Consultants find the majority of their good business ideas from their **clients**. P&G has even dropped internal R&D, preferring to go “outside” for it.

So, spend time with clients, **not** selling, just gathering their perspectives. Learn what they thought of your last project, what problems arose, what they'd do differently next time and so on.

You'll learn a lot and you may even glean some immediate work, though that's not your objective.

Discover what problems clients have for which they can't see where to get help. If those needs play to some of your core competencies, think about how to structure a responsive service for good clients.

Rules of Thumb: This works best if done for clients with whom the relationship and trust are strong. And, give yourself an extra budget for the likely unknowns and surprises.

CARPE OCCASIO: Seizing the Upside of a Downturn ... *continued* ...

Convene a “reverse seminar” of carefully selected client executives (three to five) and ask them to come and talk to your leadership group about needs they have and things they wish you were good or better at.

You get helpful results if you choose client executives who know your firm well, and if there are three or more in the panel. (Thanks to Frank Transue, retired CEO of Walker Parking Consultants, for this idea.)

Consider growing beyond your core competencies into areas that “fit” well with your values, types of clients and existing services, yet offer something more and complementary to them.

In bringing **new** core competencies on board, it’s important to bring only top notch people ... whether by hiring or acquisition. In difficult times, great people may be more available.

Focus some of your most entrepreneurial leaders and best business developers on this kind of effort—the people most likely to recognize an opportunity when they spot it, and then do something with it.

This is the time to use the cash reserves you (hopefully) put away for times like these ... as did Berkshire Hathaway, Microsoft, and many small firms. (If you didn’t, do it at the next opportunity.)

Resist the temptation to use your reserves or lines of credit to keep more people on than you need. Use your reserves to build market share, even though revenues may decline.

“True winners gain market share during a recession.” —Paul Spence of Capgemini

* Thanks to these folks at Walker Parking Consultants who shared articles and helped inspire this ... Steve Cebra, Mary Smith, and Risé Landeros.



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