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CREATE FUTURE VALUE **GETTING OUT OF A "RECESSION"**

Is your business in a recession? Are sales numbers sliding? Are profit margins eroding? Are employee attitudes getting lax or even worse, downright indifferent? Have these things been going on for longer than just a few months?

If they have, you're in a recession, and you need to do something to get out, but what do you do?

Well the problem is, that recessions just sort of slip up on you, and as a result, two things happen. First, you don't know exactly when the recession started, and second, since you really don't notice them when they start, recessions tend to go on much further than they should, resulting in a situation much more drastic (and costly) than it would have been if you'd gotten after the problems right away.

But, before I go any further with this discussion, let me be fair and say that recessions can be caused by situations that are beyond your control. Fires, illnesses, and natural disasters can set any business behind and put them in a position that will be difficult to overcome.

Business recessions can also be a result of the failure of key suppliers, chaotic price increases, and generally funky economic conditions. These things can, and do happen.

The things I just mentioned are potential problems all businesses face, and when they hit, they are capable of mild to fatal damage. But, the point is, there is little you can do to prevent them, you can only plan how you're going to react in case they do happen. In fact, it is a foolish management staff that doesn't have such contingency planning under study at all times.

But here's a little reality check - one we must all consider: While most well run businesses have contingency plans for negative events beyond their control, few have contingency plans for problems much more likely to occur, and that is those coming from within; those completely under the control of management.

DIGGING OUT

One of the good things about those potential disasters that come from the outside and are uncontrollable is that they're easy to identify, and tend to happen suddenly. Because of this,

they are obvious problems that by their very nature become a priority. So they're dealt with in a timely (and hopefully preplanned) manner - with a minimum of pain.

Problems that come from within the organization are just the opposite. These internal problems tend to creep up on us. Because of this, they emerge like a water stain seeping slowly through the basement wall. They don't get much attention until the damage is significant, maybe even fatal.

Given these two observations, the simple solution to internally emerging recession is preventive planning, early recognition, and rapid action. There is a problem though. Internally generated recessions rarely *appear* to be happening.

Change only appears to be happening in the long view of time. On a day-to-day basis, things appear to be static and unchanging. To illustrate this, remember when you returned home for a high school reunion, or maybe a family reunion. Sometimes it's shocking, the people and places are barely recognizable, and they've *changed* so much!

But this dramatic change didn't happen all at once (as it might appear after your long absence). Instead, it happened a little bit every day: slowly but surely, relentlessly and inevitably.

This slowly changing environment is what deceives us about changes in our business. We would be far better off if sales numbers crashed through the floor in a single month, rather than this same thing happening over a six months period or even worse, over a year.

Why? Because in the first example, we would be quick to respond and correct the situation, in the second case, we probably won't take serious corrective action until well into the crisis.

RECESSION-O-METER

When I was a child, a device that hung out on the back porch of our house fascinated me; this gadget was designed with a round felt button on its front that would change color prior to a rain. If the button turned blue, there would be clear skies, but if it shown red, there would surely be rain on the way. This device was called a Rain-O-Meter.

Well, maybe the best protection against your business suffering from a recession would be for you to put a Recession-O-Meter up in your office. You could use this as a reminder to always be on the lookout for the first signs of a recession.

Next question: What might these signs be?

For sales recessions:

1. Loss of sales personnel, especially successful ones. When this happens, you **MUST** *personally* nail down potentially exposed accounts - accounts that suddenly have no sales rep (it won't be long until they do).
2. Unproductive sales meetings where the sales reps are obviously bored and uninterested. These meetings waste time, and don't add any value to the sales force. To correct this, make your sales meetings interesting, and always give the reps something new to sell or some tips

they can translate into sales the very same day. Otherwise don't have sales meetings - for the most part, "housekeeping" matters can be handled with memos.

3. Wholesale vendor changes that convert entire lines will inevitably leave losses in their wake if not done properly. It isn't enough to tell sales reps to go out and convert accounts; you must be personally involved in this to minimize loss - especially in key accounts.
4. Weed out non-performing sales reps. Non-performers will only waste your time, and slow down all the others. You must work the streets with all your sales reps and make decisions every time you do - it's an ongoing evaluation process that keeps the sales force in an optimal range. Don't wake up and find yourself with a team of non-performers, it will take you a long time to correct this situation.

For profit recessions:

1. Vendor price increases must be answered with immediate price increases to pass these through to customers. Never let yourself get caught in a price squeeze between your vendors and customers. Nobody likes price increases, but these are a fact of life, and must be dealt with as soon as possible.
2. Sales reps should have very narrow and clearly defined price restraints. If they don't, you'll eventually lose money, especially when price increases come along.
3. Raise prices on parallel product lines when your leading vendors have price increases. This prevents sales reps from switching product lines rather than raising prices on the products customers are currently buying. This hard to spot activity erodes margins in an invisible way.

Employee service recession:

1. Employee attitudes must be monitored, and those with surly or nonchalant attitudes should be gotten rid of. The sign you look for here is angry customers, or even lost customers. Order clerks, truck drivers, repairmen, and warehouse workers can all aggravate customers. The best thing to do is monitor customer service at all times, and even bring in consultants (if necessary) to help with this difficult task.
2. Be in a constant state of training employees in proper customer service - this effort can never stop. Never assume that employees are doing a good job of customer service. People need to be trained in proper etiquette, and proper problem resolution before they're exposed to customers (or in some cases, before customers are exposed to them!).
3. Finally, almost all businesses have a few "crabapples." Either get rid of these people, or put them someplace where they never interface with customers. Customers are hard to get, hard to keep, and easy to lose. Never let your crabapples do the losing for you.

(I've seen this many times, and I've never understood why businesses put these people above their customers, but if you're going to keep them, at least put them in a room punching keys on a computer, or cleaning parts - whatever, but don't let them answer the phone!)

INTEGRA PRODUCTS OF THE MONTH

BIO-CLEAN

BIO-CLEAN IS ABOUT TO CHANGE!

If your customers like BIO-CLEAN, they're going to love the new BIO-CLEAN

I'm going to leave the below website right here - it's from last month, and it's a great place to go for timeless secrets about savings and investment...

For a free downloadable copy of *The Richest Man in Babylon*, go to:

<http://www.manarin.com/wfdata/files/TheRichestManinBabylon.pdf>

First gets the business, second gets the leftovers, third gets thrown out - which one are you?

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