



10 Actions Small Businesses Can Take to Weather this Storm

By Damon Baker

"And once the storm is over, you won't remember how you made it through, how you managed to survive. You won't even be sure, whether the storm is really over. But one thing is certain. When you come out of the storm, you won't be the same person who walked in. That's what this storm's all about."

Haruki Murakami

Anyone who is a successful entrepreneur will tell you that the skill of overcoming adversity is one that is learned early. An industry disruption, an economic downturn, or a recession are each events that will put your business to the test. Surviving in hard times like these requires you to possess a steadfast determination and a never give-up mindset. But in today's dynamic and merciless business environment, more is needed than a "can-do" attitude. Make no mistake, the actions you take (or don't take) in the next 90 days may, ultimately, determine whether your business survives and thrives. Here are 10 small business hard time actions YOU can take immediately to help steer you through the choppy waters of fluctuating consumer confidence and disruptive commerce.

Scrutinize your P&L (or Profit & Loss statement) with a "fine-toothed comb": You can almost always find 15% to 20% of spending that hasn't been managed closely. Review your expenses for the last 2 years to find recurring expenses, in addition to one-timers. Organize them from highest to lowest costs and calculate the % contribution of each to the overall spend picture. Full transparency of your costs in times like these are critical. Engage your employees in a brainstorming session to scrutinize all categories of spend to come up with creative ideas for cost reduction. You can use the S.C.A.M.P.E.R. technique (see below) to categorize types of ideas and trigger creativity. Using Post-It notes, sort these ideas (short- and long-term countermeasures) on an impact-effort matrix (see below) to determine which actions can be taken immediately.

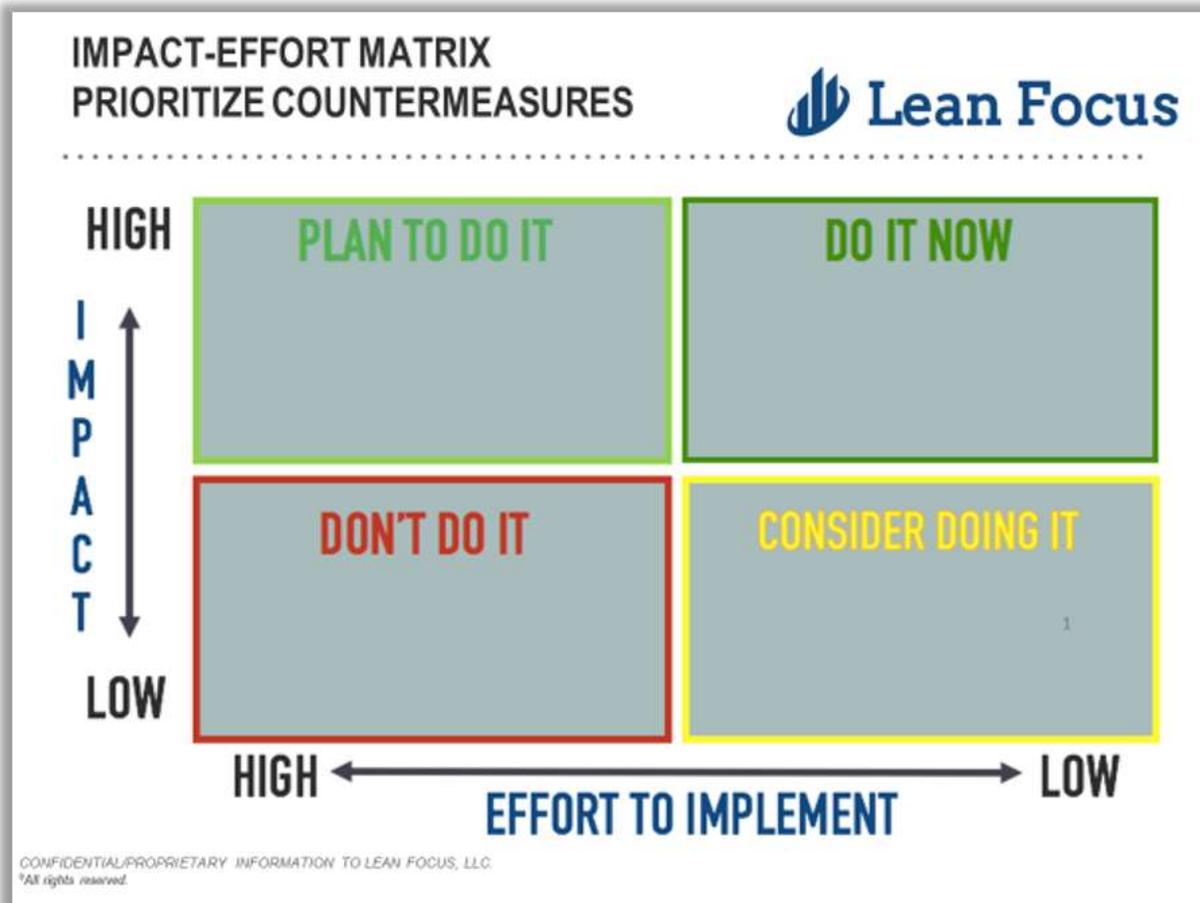


SCAMPER TECHNIQUE

When thinking of reducing your expenses, use the S.C.A.M.P.E.R. technique to help identify potential improvements

SCAMPER TECHNIQUES	DEFINITION	EXAMPLE COACHING QUESTIONS
S ubstitute	To create an alternative, replacing one for another	What could be used instead of X?
C ombine	To add or put things together	Could you combine X and Y to make improvement Z?
A dapt	To accommodate or meet other needs	Can this be used for product A as well as product B?
M odify M agnify M inimize	To change To enhance To reduce	Can this be modified to handle X? Can this be enhanced to allow for Y? Can this be reduced to allow for Z?
P osition other ways	To use in another way	Can this be positioned for cost savings instead of time savings?
E liminate	To take away (some or all)	Can this simply be eliminated from the process by doing X?
R everse R earrange	To turn around To change the order	Can this order of process steps be reversed or rearranged?

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Listen to Your Customers / Non-Customers: Do you know what the difference is between successful and unsuccessful businesses? The successful businesses understand their customers. They pay close attention to what their customers are saying and the customers who have chosen their competition. Voice of the Customer (VoC) is a research method that's universally used by businesses to define and describe the needs and requirements of their customers. This process captures everything that customers (both internal and external) are saying about a business, product, or service, and packages those ideas into an overall perspective of the brand. Companies use VoC to visualize the gap between customer expectations and their actual experience with the business. Below is a list of questions (for a B2B example) you could use to understand your customers/non-customers better:

- What need (problem/pain point) are you trying to solve? Why?
- When and how did you realize this need (problem/pain point)?
- How did you go about finding a solution (product/service/company)?
- How did you go about finding a solution (product/service/company)?
- If online, which keywords did you use?
- What kind of useful information did you find? What made it useful? How could your research/selection process have been made easier?

- What were some of the solutions (products/services/companies) you found? Why did you consider them?
- In order of importance, what were your top 5 criteria used when comparing solutions?
- Did anyone influence your decision? Who? How? Why?
- How was the decision made? What led to your ultimate decision? Why?
- How did the solution help solve your need? How does it make you feel?
- What 5 adjectives would you use to describe this solution to a friend (colleague/family member)?

Study the Competition Intensely: Now is a great time to understand exactly, specifically, and precisely what your competitor's strengths and weaknesses are. Competitor analysis is the process of evaluating your competitors' companies, products, and marketing strategies. To make your analysis truly useful, it's important to:

1. Pick the right competitors to analyze.
2. Know which aspects of your competitors' business are worth analyzing.
3. Know where to look for the data.
4. Understand how you can use the insights to improve your own business.

Below is framework you can use to organize your insights:

Our product:		Com petitor product:						
Assessment	Us/Them	Capability name	Importance to customer					
			Low 1	2	3	4	5	High 6
Unique capabilities	Us							
	Them							
Best capabilities	Us							
	Them							
Same capabilities	Us							
	Them							
Poor capabilities	Us							
	Them							

Complete a Thorough SWOT of your Business: SWOT Analysis is a strategic planning technique used to help an organization identify **Strengths, Weaknesses, Opportunities, and Threats** related to business competition. It is designed for use in the preliminary stages of decision-making processes and can be used as a tool for evaluation of your strategic position. It is intended to specify the objectives of the business and identify the internal and external factors that are favorable and unfavorable to achieving those objectives.

Strengths: Strengths are an internal assessment of the product's attributes that give it an advantage over other products. These can be features of the product or characteristics of the

business. For example, a strength of one product may be its wide range of integrations, while for another, it is veteran product leadership.

Weaknesses: Opportunities are usually external to the product and can range from partnerships to new markets. These can also be future product expansion opportunities — expressed as unmet customer needs that the team has identified.

Opportunities: Similar to strengths, the weaknesses component of the SWOT analysis is an internal assessment of the product's attributes that put it at a disadvantage when compared to alternatives. For example, a weakness could be a key feature that the product is lacking.

Threats: Threats are typically external factors impacting the product. These factors can be anything ranging from economic factors to emerging technology. Ultimately, these threats are the obstacles facing the business and what could adversely affect the product in the future.

Internal Factors Summary	
Internal Factors	
Strengths	Weaknesses
External Factors	
Opportunities	Threats
External Factors Summary	

Simplify & Streamline: Have you ever conducted a "Start, Stop, Continue" exercise with your team? If not, you are missing out on an incredible opportunity to simplify and streamline

your business. With your team, write down your tasks on post-it notes and place them on a large white board or table with three columns.

Start Column: People should place their sticky note in this column if they think it's a task that should be started – meaning it's not being done at all or enough right now. List ideas/items that are: a) not being done but should be; b) things to begin doing to get better results; c) things worth trying or piloting to get better results.

Stop Column: People should place their sticky note in this column if they think it's a task that should be stopped – it's not productive or effective. List ideas/items that are: a) not contributing or helping; b) creating barriers or impractical; c) not delivering expected results.

Continue Column: People should place their sticky note in this column if they think it's a task that should be continued or enhanced. These are tasks that are working well. List ideas/items that are: a) working well; b) worth keeping or continuing; c) are necessary.

Identify & Clarify Your Target Market: Given the current state of the economy, having a well-defined target market is more important than ever. No one can afford to target everyone or be all things to all people. Small businesses can effectively compete with large companies by targeting a niche market. Look at your current customer base...who are your current customers and why do they buy from you? Look for common characteristics and interests. Which ones bring in the most business? It is very likely that other people like them could also benefit from your product/service. (Below is a template to organize this information) Once you've decided on a target market, be sure to answer these questions:

- Are there enough people who fit my criteria?
- Will my target really benefit from my product/service?
- Will they see a need for it?
- Do I understand what drives my target to make decisions?
- Can they afford my product/service?
- Can I reach them with my message? Are they easily accessible? What channel?

Customer Segment Profile			
Geographic	Demographic	Behavioral	Psychographic
What is the region or other location for this segment?	What similar characteristics does the segment have?	What typical actions can be observed?	What are the common beliefs of this segment?
Size		Growth potential	
How large is the segment?		At what rate will the segment grow?	
Competitive activity		Risk	
How many other companies are also trying to serve this segment?		What is the likelihood of success in serving the segment?	
Approach			
How will you successfully serve this segment?			

Build Out Your Distinct Value Proposition for Your Ideal

Customer: Regardless of your product or service, you almost certainly have competition. So what makes a customer choose you over another company? The answer lies in a great value proposition.

Value Proposition Definition (Source: <https://inboundrocket.co/blog/how-to-write-an-effective-and-unique-value-proposition/>):

“In its simplest terms, a value proposition is a positioning statement that explains what benefit you provide for who and how you do it uniquely well. It describes your target buyer, the pain point you solve, and why you’re distinctly better than the alternatives.”

Case Example: Uber: "Get there. Your day belongs to you."

Product: Low Cost Taxi Service

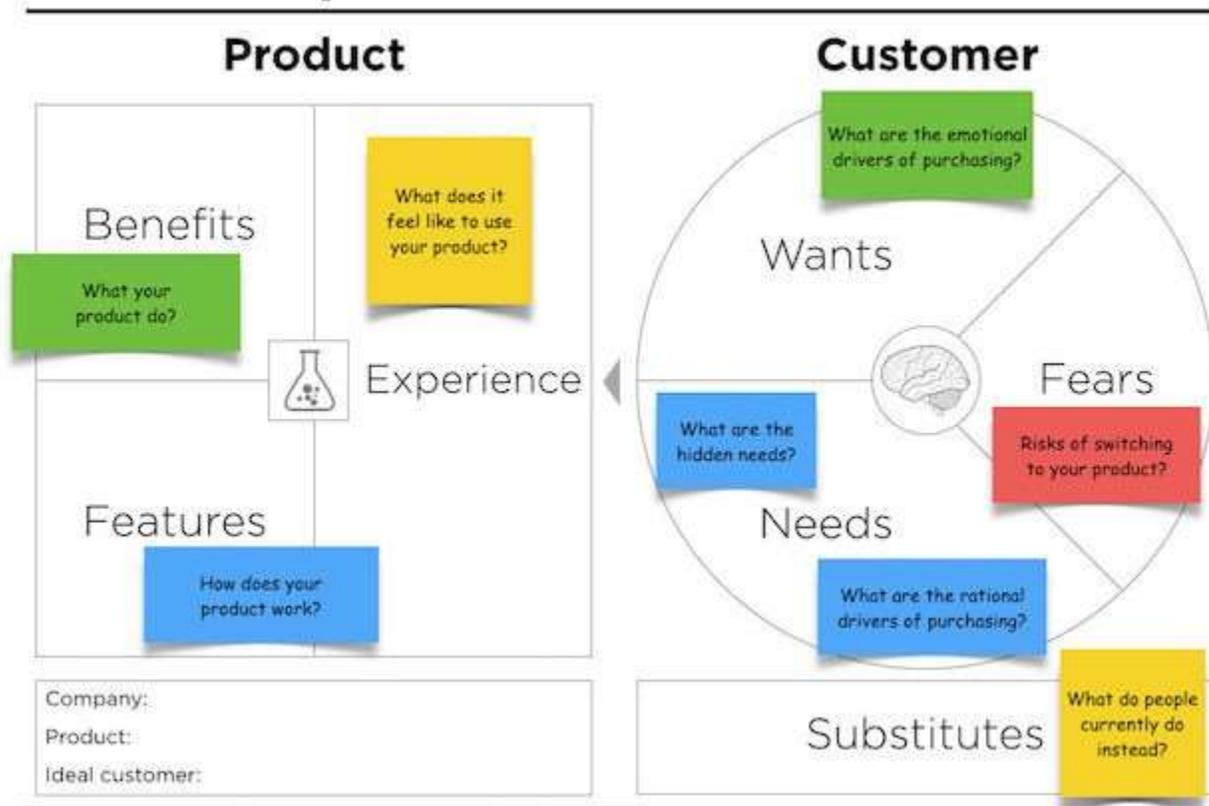
Target market: People who need low-cost, on-demand transportation.

Primary benefit: Eliminates the frustrations of travel.

What makes it unique? The proposition focuses on the needs of the customer by using the word “you.”

The Value Proposition Canvas is a tool which can help ensure that a product or service is positioned around what the customer values and needs. The Value Proposition Canvas can be used when there is need to refine an existing product or service offering or where a new offering is being developed from scratch.

Value Proposition Canvas



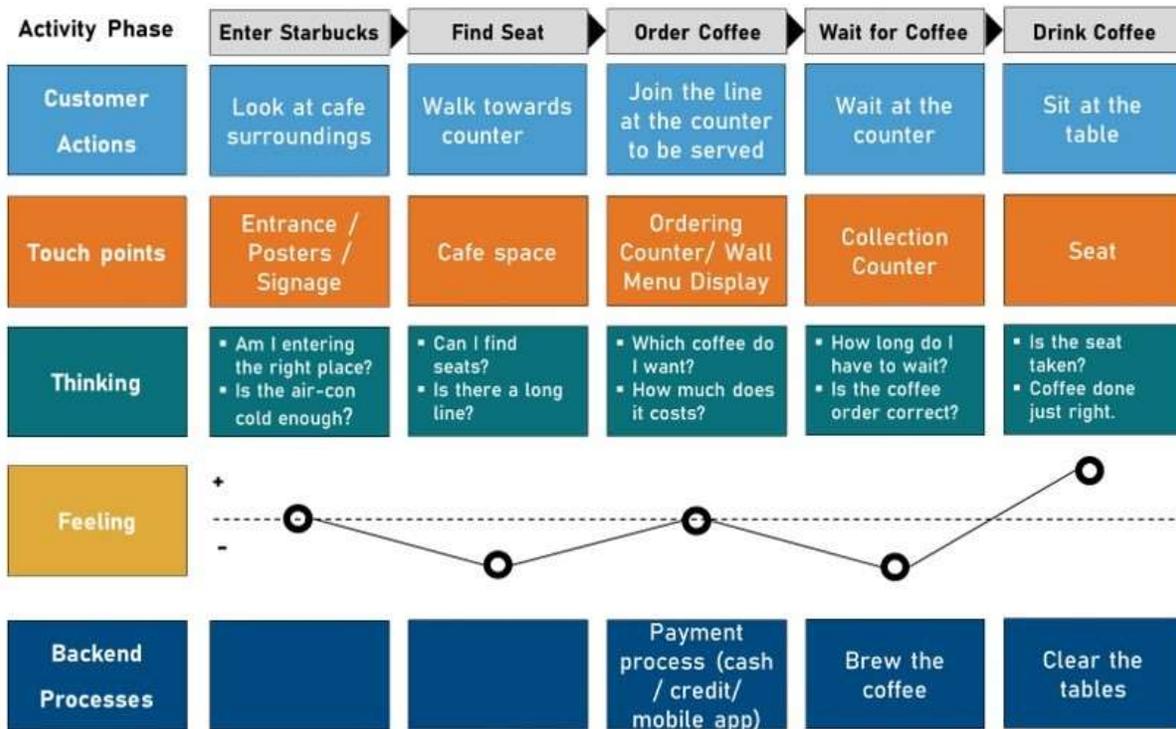
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LINK TO DOWNLOAD: <https://www.strategyzer.com/canvas/value-proposition-canvas>

Map and Improve the Customer Experience with your Product or Service:

It can be challenging for your company to get into the minds of your customers. The customer journey is the process by which a customer interacts with a company in order to achieve a goal. A customer journey is very specific to the physical experiences your customers have. Thus, the best way to understand the journeys of your customers is by asking them. A value proposition canvas focuses on the person, while a customer journey map focuses on their experience with your business. Remember, a primary objective of your customer journey maps is to make them actionable for your business.

CUSTOMER JOURNEY EXAMPLE



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Turbocharge Your Marketing Tactics: Now that you have completed your segmentation and value proposition positioning, you will want to shift your focus on campaign development and execution. Integrated marketing campaigns will need to be developed targeting your "ideal customers" in the marketplace. Marketing campaigns are organized, strategic efforts to promote a specific company goal, such as raising awareness of a new product or capturing customer feedback. They typically aim to reach consumers in a variety of ways and involve a combination of media, including but not limited to email, print advertising, television or radio advertising, pay-per-click, and social media. (Below is a template to organize this information)

Business focus		Customer focus		
1) OBJECTIVES Top 3 business objectives e.g.: 1. X% Ecommerce revenue growth of product Y and Z in 1 year 2. Grow customer renewal rate from current 50% to 90% 3. Brand awareness in North America	4) WHERE ARE WE NOW? Brief SWOT analysis of current status in the context of challenges faced in meeting business objectives #1	5) CORE BRAND VALUE Compelling position statement describing your brand and the value it offers. Should be customer centric, refer to #2.	6) COMPETITION Top 3 competitors and their strengths and weaknesses. Should be customer centric, refer to #2 and #3 e.g.: - SERPs for keywords - Blog activity - Social media engagement across important channels - Customer service - Website UX - Product strengths and weaknesses	2) TARGET AUDIENCE Top 3 customer segments and customer personas per segments. e.g.: Customer Segment e.g (Product Photo software): 1. Hobbyist 2. Home office or Small business 3. Professional photographer
9) KEY METRICS KPIs that measure the success of your marketing efforts e.g.: - eCommerce revenues - Online Referrals - Membership Renewals				
8) MARKETING BUDGET - Content Marketing & SEO - Paid Advertising - Design - Marketing Technology - People etc.		7) TIMELINE Brief outlines of your 1 week/1 month/3 months/6 month/1 year marketing campaigns	3) CHANNELS Paths to customers. Refer to #2 to find out where customers live online. e.g.: 1) Facebook 2) YouTube 3) Google	

LINK TO DOWNLOAD: <https://jacobv.com/technology/the-one-page-digital-marketing-plan-to-grow-your-small-business/>

Establish a Business Operations Review Cadence: Conduct lively Business Operations Review sessions with a regular cadence that test people’s understanding. Information must be fact-based. Review your KPIs (Key Performance Indicators) – where are you winning or losing? Evaluate the effectiveness of Action Plans to ensure you are meeting your deliverables. If you are losing with a KPI & still meeting deliverables in the Action Plan, apply problem-solving (PDCA). Adjust Action Plan accordingly. Track & sustain countermeasures.

Although it may seem that the current problems you are facing are something that no one else has possibly experienced in the entire existence of humanity, the truth is that someone else has experienced something similar.

To overcome adversity in business, finding someone who can act as a mentor can be enormously valuable. Whether they are paid or not, it is of little consequence because when weighing the time spent overcoming business challenges versus the cost of hiring someone to help, it’s worth the expense. Failure is a part of life, and that includes business failures. How we deal with failure determines whether or not it ultimately leads to success.

"It is only through labor and painful effort, by grim energy and resolute courage, that we move on to better things."

Theodore Roosevelt

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BACKGROUND

Damon is the President & CEO of Lean Focus. For over 25 years, he has been implementing lean in consulting, operations, continuous improvement, and GM & VP-level leadership roles for such companies as Danaher, HNI, Eaton, Argo Consulting, Experian, and Winegard.

Trained by disciples of the Toyota Production System, he worked in a Shingo Prize winning facility and is a Shingo Prize Examiner. Over his career he has demonstrated hands-on leadership and facilitation of 500+ kaizen events for 50 major corporations in 16 different countries. Damon led the North American Danaher Business System Office. While at Danaher, one of his mentored operating companies was nominated Most Improved Plant, and one of his factories won Best Plant Worldwide 2 years in a row. Damon holds an MBA from St. Ambrose University and a Bachelors of Arts in Management and Marketing from Iowa Wesleyan University.

INDUSTRY EXPERIENCE

Aerospace and Defense, Automotive, Electronics, Capital Equipment, Chemicals, Protective Packaging, Residential Construction Materials, Water Quality, Dental, Test & Measurement, Sheet Metal Fabrication, Life Sciences, Medical Devices, Discrete Assembly, Oil and Gas.

LEAN EXPERIENCE

Building/Installing Problem Solving & Kaizen Cultures, Operational Due Diligence, Acquisition Integration, Strategic Planning & Policy Deployment, Sales Force Efficiency & Effectiveness Tools, Pricing Margin Analysis, Transactional Kaizen, EBITDA focused operational improvements, Cellular Manufacturing, 6S & Visual Management, Standardized Work, Mistake Proofing (Poka Yoke), Visual Controls, Setup Reduction (SMED), Total Productive Maintenance (TPM), Daily Management Processes, Leader Standard Work, Working Capital reduction via Kanban & Pull Based Inventory tools, DSO Reduction, and Accounts Payable processes, Value Analysis & Engineering, 3P, Accelerated Product Development Tools.

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