Article for Financial Business Advisor
Boom or Bust?

Remember 1987 to 92 when we had the share market crash and it was real difficult to keep your company going, cash flows were tight, debtors were slow, interest rates were high? But management and the rest of the team learnt an awful lot about where the excess costs were in most businesses.

Since 1993 we haven't had a bad year in New Zealand, each year has been slightly better, and we have a whole group of managers who have never experienced a bad year.

Now with 2003 finished, and 2004 starting up, it's time to really reflect on the resources that you have in your business, and how well you're managing them, and well prepared you are if the economic forces change.

This is not to say that New Zealand's heading for a recession, 2003 has been a wonderful year because of the good demand within the domestic economy, and the fact that we have lots of immigration to New Zealand.

The biggest resource that we have in our business is people, and the really good people are becoming very valuable labour, and are starting to recognise that fact, and will only change job roles to new companies for substantially increased remuneration.

Existing good quality staff know that they are in demand, and they're looking for higher, increased rewards to make sure that they stay with your company.

With increasingly successful years within the economy, it is all too easy to slip into paying too much in wages and salaries, or paying too little and running the risk of losing that experience.

You need to sit down and discuss with your team the various forms of remuneration that will allow the company to maintain its cash flows and its profits, yet reward its key, experienced people.

A strategic planning meeting to review the number of key clients that you have, and how important they are to the business, and what you are doing to maintain and keep and build that relationship, as well as increase your prices and build your profitability.

A strategy meeting to examine your products and services to see which ones are real contributors, both profit-wise and revenue-wise, and which ones need to be terminated and finished.

A strategy meeting reviewing your markets, customer base, new prospect, new market development, and to consider the 'what if something happened' that is unexpected, ideal strategies to prepare in case the economy goes tight, a recession hits, or a major currency exchange around the world has an effect on business-to-business revenue sales.

In 2004, 3 big contributors to the New Zealand economy will not be having good years. This is the farming industry, the forestry industry, and tourism, unless some substantial external changes occur.

With exporting slowing down because of the high value of the New Zealand dollar, there are signs that 2004 could be heading to be a tough year, what have you done to prepare your organisation in case the boom stops and there is a bust?

Take time to develop some strategies to make sure your business, its people, and its resources, can survive a change in the business market.

This article contributed by Richard P. Gee, www.geewiz.co.nz, marketing strategy consultant.