Surviving Inflation & an Economic Downturn:

A GUIDE FOR BUSINESS OWNERS in 2024

Mind & Metrics

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Inflation can be a tricky thing to deal with as a business owner. If you're not careful, it can quickly eat away at your profits and leave you struggling to stay afloat. The classic response to inflation is to try one of three unattractive options. The business can upset their customers by raising prices, the business can upset their investors/owners by cutting margins,
or the business can upset practically everyone by cutting corners in order to cut costs.

Faced with this dilemma, most businesses ultimately resort to raising their prices, then look for clever ways to mitigate the subsequent drama. What they don't realize is that those three choices are shortsighted tactical relics
from the past. Businesses today have much better technology and more sophisticated tools to analyze and turn data into useful information that supports more strategic decisions. It's an ideal time for businesses to treat inflation as an opportunity to revisit their business strategy, rather than as
a tactical challenge, and to choose from a better set of options.

Instead of worrying about how much more to charge their customers, a business should devote their resources to figuring out how to enhance and remove friction from the customer experience. [Companies that prioritize the customer experience generate 60% higher profits than their competitors,](#) and that is a welcome boost to any company's bottom line.

So, where do you start?

Fundamentally, a company should analyze and assess three aspects of their business to mitigate the effects of inflation; people (the relationships), process (the delivery of services and goods), and platform (their tech stack).

PEOPLE

During a crisis it's easy to focus on just the bottom line, using sales as the key indicator of business health. Like any business owner, you want to make a profit and see your business thrive. However, your business will not succeed on your hard work alone. Growing a business and keeping it running takes a dedicated team of employees and business partners, and of course loyal customers.

Keep in mind that the success of your business isn't just measured by numbers on a spreadsheet. Every step towards your goals is made possible through the efforts of your team.

While it may sound obvious, this simple reminder is critical. As a leader, it's important that you never hold your business and its success above the people who built it. When you put people first (employees, vendors, and clients), you continue to build respect and trust in your relationships. And when you have that respect, sales and growth will follow.

IDENTIFYING IMPROVEMENTS FOR THE "PEOPLE" ASPECTS OF YOUR BUSINESS

When you're looking to improve your business in the face of inflation, it's important to start with people. Processes and platforms can be easily controlled; people cannot. And yet, people are the cornerstone of any successful company.

The "People" aspect of your business can be segmented into two areas; your employees and vendors (both internal), and your customers (external).

Evaluating employees and vendors

In order to make your business as efficient as possible, you need to have the right people in place who have the correct skills to execute on the delivery of services and goods - in other words, the processes that keep your business going. The first step is to take a close look at your current team. Instead of focusing on "how to trim the fat" by analyzing pay and headcount, evaluate these three things first:

Does the person or vendor doing the job:

1 Want to do it?

2 Understand the job?

3 Have the capacity to do the job?

Do they want to do the job?

Do they genuinely like their job? Do they believe in what they are doing? Do they want to use their experience, talents, and ideas to further the organization?

Companies can lose critical talent because that person simply didn't want to do the job anymore. It's not that they were bad at it; they just didn't have the passion for it. If a company can identify this early on, they can make a change before it's too late.

Even vendors can lose interest in their job. This can be due to a change in team leaders, new strategic directions, or the vendor becoming jaded over time. If you notice that your vendors are no longer as responsive or seem to have lost their excitement, it may be time for a change too.

Essentially "wanting to do the job" is tied to motivation, and nothing kills motivation faster than these four things:

Stagnation

This can come from feeling like you're unable to meet and exceed goals, or from watching others get promoted while you stay in the same position.

Fear

Dealing with a hostile micro-manager or an aggressive workplace can easily lead to anxiety and stress, and then subsequently mental or emotional detachment from the role. Fear can also be financial in the form of worrying about salaries and getting paid.
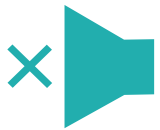
Lack of recognition

Seeing other people receive credit for work you've done, or feeling excluded from the team, will quickly squash motivation.

Boredom

When this happens, people have stayed in their role too long and are no longer being challenged.

Not being motivated, in most cases, breaks down to these four psychological needs not being met.

A "No" in this area requires work on the employer's part. Can the company create a more motivating environment for the employer or vendor? Can the motivational issues be resolved? Is this role critical to the company as a whole? If the answer is still no, then it may be time for a change.

Do they understand the job?

When someone understands their job, all of the neurons in his or her brain connect when it comes to functioning in the role. He or she has a feel for all of the ins and outs of the position.

A "No" in understanding the job is non-negotiable, and isn't solvable. If the person has had ample time to learn and still doesn't "Get it," it's time to find someone who does.

Do they have the capacity to do the job?

"Capacity" has to do with talent, skills, abilities, time, and knowledge. When someone has the capacity, he or she is capable of doing the work that needs to be done in a timely fashion.

Sometimes a "No" here is solvable. During the COVID-19 pandemic, capacity was a huge issue for people working from home. Parents, and moms, specifically, saw capacity being reduced as they tried to juggle a work-from-home life with the needs of their kids being at home too. Many businesses changed their processes (virtual meetings vs in-person meetings, became more flexible with work hours etc.) and accommodated for capacity issues. However, while a problem of capacity can be solved on a company level, it is hard to solve on an individual level. If you believe the right person can gain the capacity and you're willing to invest the time, resources, and energy for him or her to do so, do it.

ACTIONABLE STEPS TO IMPROVE EMPLOYEE AND VENDOR RELATIONSHIPS

> Practice Radical Transparency

If you don't have trust, you don't have a relationship. Trust is easy to break and hard to build. One of the foundations of trust is transparency. As a leader, you should be as transparent with your team as possible. Tell the truth. Don't lie. Don't fudge or spin. Be transparent with information to your employees, partners and your entire ecosystem. Teach teams and individuals to value sharing relevant information more than hoarding it.

Transparency is the act of publishing and sharing all company information (unless it is proprietary, personal, or HR-related) to everyone in the organization regardless of the importance, nature, or sensitivity of the subject matter. It means sharing financial in- formation, organizational decisions, company results, product road maps, operational plans, management changes, project timelines, and all relevant information with everyone in the company so that every employee views the data and has the opportunity to form their own opinions.

Radical transparency means you trust your employees to make up their own minds. You are encouraging people to think through various options for how to tackle organizational issues, and creating a safe environment for employees to voice their opinions and ideas. If all your employees can put their heads together, solutions that may not have been previously considered can surface.

▶ Communicate Even When Problems Arise

Transparency is easy when things are going well, but when a company is facing a down- turn, it's natural to want to paint a rosier picture and avoid anxiety in your employees. But this will only lead to a breakdown of trust.

Be honest about what's going on in the company, even if it's not all good news. This way, your team can help you weather the storm and come out stronger on the other side.

▶ Provide The Right Tools

Many businesses fail to provide their staff with the skills and resources they require to execute their jobs efficiently. Every second client-facing teams spend trying to use co- bbled-together systems or hack their current tech stack to process gaps in data is time that they're not focused on the customer experience.

▶ Provide The Right Environment

Job satisfaction is critical to keeping employee productivity high and lowering employee turnover, and their environment plays a huge part in that.

Viewing your company as having "butts in office seats" is outdated in many cases. We tend to associate being in the office with productivity, and home with leisure time. However, physically being in the office doesn't automatically mean one is being produc- tive 100% of the time.

While your company may not have the means to create a labyrinth of play areas; cafes, coffee bars and open kitchens, with the right processes in place you can create a flexible remote or hybrid work environment that has the same effect.

Even for companies that cannot perform remote work, removing friction from the employee's tasks in ways such as investing in tech that makes it easier to check people in, using AI to calculate a technician's best route, or enabling employees to work from their phone more can make a big impact on employee happiness.

When implemented correctly, remote workplace structures can offer cost-saving benefits for companies, reducing real estate costs and employee turnover rates. But if you're unsure how to put the proper systems in place for remote collaboration and project management, check out our free eBook: How CFOs Can Lead the Remote Workforce of the Future.

FREE DOWNLOAD ⬇

❯ Listen & Improve

No matter how airtight you think your processes may be, there will always be room for improvement and adaptation. And no one will be more familiar with inefficiencies in your processes than your employees - the ones involved with your processes on a daily basis. If employees don't feel they are being listened to, or that their ideas don't matter, they won't speak up, and you'll miss possible opportunities for innovation.

Employees feeling like they can't speak up also negatively impacts their job satisfaction and their level of engagement in their role, which can lead to higher turnover rates and lower productivity.

Setting aside some time during meetings for employees to share ideas is a great way to open a line of communication between you and your team. Encourage them to pro- vide constructive feedback on their work experience and on how your organization is approaching current projects. And if an employee's suggestion or concern warrants further attention, take action.

Making sure everyone on the team has a say in how things get done is critical for having a team that's engaged and passionate about their roles.

❯ Do Everything In Your Power to Pay on Time

This is one of the most important things you can do to maintain healthy relationships with employees and vendors, but it's also one of the hardest.

It's not always easy to stay on top of invoices and pay bills on time, but it's crucial to maintaining good relationships with the people on your payroll.

If you can't pay on time, it's best to communicate this early. (See: communicate even when problems arise).

HOW TO IMPROVE YOUR RELATIONSHIPS WITH CLIENTS OR CUSTOMERS

Building positive relationships with your customers will help you to ensure that they keep coming back. When you consider that the probability of selling to an existing customer is 60-70 percent and the probability of selling to a new prospect is 5-20 percent, focusing on retaining clients will result in significant financial gains. A common philosophy in business is the 80/20 rule: 80% of your profits come from the top 20% of customers. It's crucial to focus on retaining your high-value clients in order to maintain and grow profits.

When companies have prioritized the customer experience and have built strong relationships, customers tend to be less price-sensitive, meaning that price hikes have less impact. Unfortunately, according to a survey by Bain & Company, 80% of companies believe they deliver a superior customer experience but only 8% of their customers agree, which translates to risky price hikes for many 'unknowing' companies.

5 STEPS TO IMPROVE THE CUSTOMER EXPERIENCE

Know Your Customers

What are their challenges? What do they want? What are they expecting from your relationship? Ask yourself, does our product meet/exceed customer expectations? Is our customer service superb? If you understand what customers are looking for, you're well on your way to being able to give it to them. This will also help you figure out what content and messages your audience cares about.

Create a Connection

Once you know your audience, it's important to build a trusting relationship with them. It's one thing to tell them that you're

trustworthy, but it's another to demonstrate that you will be there with them every step of the way. Using Customer Relationship Management (CRM) tools to provide hyper-personalization at scale allows your pros- pects to feel like you are talking directly to them and only them.

Prioritize Responsiveness

Companies don't get it right 100% of the time, and customers don't expect absolute perfection. But what they do expect is responsiveness. The best customer service teams not only find solutions to problems when they arise, but also find them quickly. Even if a problem cannot be fixed immediately, simply acknowledging that you are working on the issue can go a long way to improving a customer's opinion of your services. (For more on how to improve your response time with customers, see the "Platform" section of this eBook).

Capture And Measure Feedback

Just because you believe you are providing a great custo- mer experience doesn't mean you are. Focusing on a custo- mer's journey, and identifying and measuring the problems that arise, offers new opportunities to take your customer service from good to great. Follow up with customers and encourage them to provide feedback on their experience purchasing your product or using your service.

Continuously Improve Your Experience

It's not enough to just capture feedback. Companies loo- king to improve the customer experience should commit to taking that feedback on board and using it to continuously improve. Collaborate with customers to identify opportunities to further enhance the experience and results of your product/service and look for ways to meet customers' changing needs. Just because you have figured out one way to delight customers doesn't mean that will always be the best way.

PROCESS

Process, or the methodology to deliver your service or goods, is a company's secret sauce. In order to keep up with customer demands and stay ahead of the competition, it is important to think of your company like a well-oiled machine. Every employee is a part of this machine, and they should know exactly what their job is, and how and when they should do it.

During the COVID-19 outbreak in 2020, the process of companies was stress-tested rigorously, with many companies having to adapt to lockdowns, remote work, and adjust to a rapid shift in economic norms. Those companies that managed to adapt fast, thrived. Those that didn't, failed. Even though it seems like the end is in sight, companies are still re-evaluating their processes, and those companies that commit to optimizing their processes will gain a competitive advantage.

ACTIONABLE STEPS TO IMPROVE PROCESS:

Eliminate Bottlenecks

A bottleneck is anything that limits your company's ability to produce or deliver its product or service. When you identify a bottleneck, it is important to take steps to remove it. This may mean investing in new technology or platforms, identifying new processes, or hiring more or new people.

The term "Bottleneck" is generally applied to manufacturing, logistics, and information technology, but it can be used to describe any business process or

workflow where capacity is exceeded by demand. Bottlenecks can be further categorized based on their most likely source; people or plat forms.

Bottlenecks can have a powerful impact on the bottom line as well as production throughput, operations, and general business tasks, since delays significantly increase the time and expense involved.

Align Your Client Facing Teams

The traditional sales and marketing funnel — which included clean handoffs between Marketing, Sales, and Customer Success — has been replaced by a funnel where all client-facing teams have responsibilities throughout the funnel.

It's "all hands on deck" when companies face an economic downturn, but this can often devolve into business chaos if client-facing teams are not aligned. This is a common problem wherein many teams are working against each other, wasting time and resources.

Client-facing teams need to be in lockstep with each other, sharing information and working together to provide the best possible experience for customers.

Create A Culture of Collaboration

There's no 'i' in team, and there's also no 'team' in company.

A culture of collaboration means that everyone in the company is working together to achieve the same goals. This may seem obvious, but in many companies, there are silos and turf wars between departments.

In a culture of collaboration, information is shared freely, and people work together to solve problems. This can be a challenge for companies with rigid hierarchical structures. In the last few years, new positions like Chief of Revenue Operations and concepts like Revenue Operations are gaining popularity.

Revenue operations is the practice of aligning a company's sales, marketing, and customer success teams around a common goal: to drive revenue.

The Revenue Ops function is responsible for setting up the systems, processes, and culture needed to enable these teams to work together efficiently and effectively.

Ruthlessly Remove Friction From the Customer Experience

Friction refers to any aspect of your company's content or sales process that may give a customer pause during their buyer's journey. Friction can make your sales cycle take far longer than it should, or even cause leads to drop out of the funnel altogether and stop considering your company for their needs.

Companies should do everything in their power to create a frictionless buyer's journey, and take an honest look at what's standing in the way of closing deals. Do you have the processes in place to keep track of customer information? Are your salespeople properly following up on customer questions and concerns? Is your website easy to navigate?

When sources of friction are identified, they must be removed. Anything from overhauling your tech stack to a personnel change may be required.

Automate, Automate, Automate!

Running any business involves a lot of things, and keeping track of all of them can
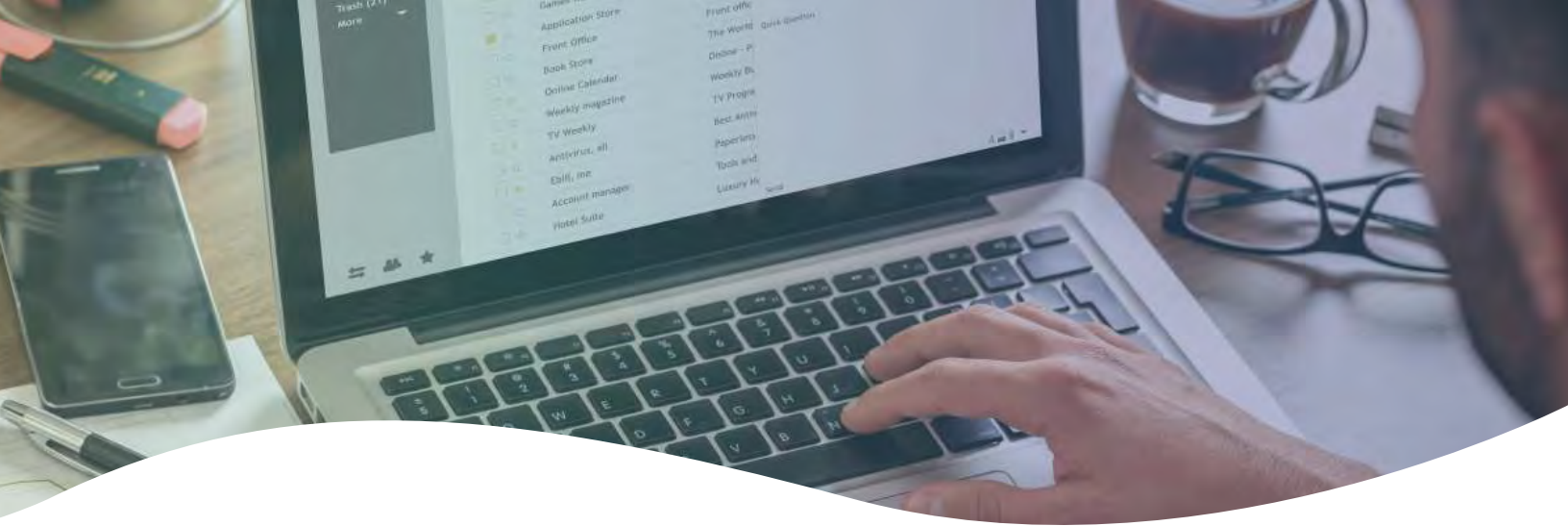
be difficult. It's not uncommon for employees to overlook certain aspects of their responsibilities.

The problem is that even the simplest oversight can result in costly errors. Mistakes, depending on their magnitude, can be detrimental to a company's well-being. For this reason, you should always look for ways to minimize human error as much as possible and to automate wherever you can.

Automating your business processes can not only help to eliminate the risks of human error, but also offer the potential to save time and money, ultimately helping your business grow faster than it would if you were doing everything manually. Automating repetitive tasks will allow you to focus on other aspects of your business.

You may have already received an 'automated' email that woefully missed the mark, such as a reply to a customer service question that didn't resolve the problem at all. That's not the automation that we are referring to. It's important to remember that not all automation is created equal, and not all processes can be automated. For example, you can automate some customer service communications, such as emails notifying customers that a support ticket has been opened for them, but you'll never be able to replace having a dedicated customer service team.

There are a plethora of different types of tasks that you can automate, and when done well, automation can help you scale your business without increasing your costs. Done poorly, it can cause more problems than it solves.

PLATFORM

Platforms are where people and processes intersect. Technology platforms are the backbone of any modern company. They provide the infrastructure that enables companies to operate efficiently and create scalable growth. Companies turn to tech to simplify and streamline their operations. A good platform will make it easy for you to do your job and help you grow your business, but a cobbled-together series of systems will create more problems than it solves.

An effective platform will provide the tools needed to operate efficiently and enable growth. It should be easy to use and allow for customization. It should also integrate with other systems to create a seamless customer experience.

ACTIONABLE STEPS TO IMPROVE YOUR PLATFORM

1 Audit Your Tech Stack

According to a 2023 report by Gartner, the average business worker uses 11 applications to complete daily tasks, up from an average of 6 in 2019. Every time they have to switch apps, they're spending valuable mental energy on adjusting to a new context. This stress combined with the fact that many employees have no say in which apps and devices they use to do their work is a recipe for burnout.

A tech stack audit will help you understand which technology platforms are being used in your business and how they're being used. This will give you a chance to streamline and standardize where possible, to reduce the number of different technologies employees have to use.

A tech stack audit can also uncover any "orphaned" apps. Apps are "orphaned" within a company when it's unknown who purchased the app on behalf of the company. In 2018, an astonishing 71% of companies had at least one SaaS subscription without a billing owner. This could be because a billing owner left, transferred teams, or simply used an email address outside the company, but in any case you're missing valuable information. The typical mid-sized company has 3 orphaned apps.

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The most obvious problem with orphaned subscriptions is that you're spending money on software that doesn't have an accountable owner in your company.

Having a billing owner on file means you should have an easily accessible record of all spending on the particular tool, how it's changed, and what sort of use your organization has been getting out of it. And if you don't have a proper record, you know where the responsibility lies.

More than that, orphaned subscriptions are an indicator that there is a general lack of visibility into your SaaS stack. If and when you decide to perform a SOC 2, ISO 27001, or other security audit, that visibility is key to demonstrating that your and your clients' data is secure.

2 Define A Single Source Of Truth

Single source of truth (SSOT) is a philosophy for collecting data from across the enterprise and aggregating it into a central repository.

As organizations grow, it's common that data relevant to individual pieces of the business will live in the specific applications and systems used to drive these operations. This is a natural outcome, but data also informs decisions made outside of the teams that generate this information.

For example, data on followers for a company's social media accounts can help email marketers identify new audience segments to target, and also helps sales teams understand customers' backgrounds to better solve their pain points. However, follower data is not available in the usual datasets stored by email distribution or sales enablement platforms.

In summary, subpar data leads to subpar decisions. This is why adopting SSOT approaches to achieve a comprehensive view of your customers' needs and the impact of business activities is essential for making informed, strategic decisions that will lead to company growth.

3 Close Data Gaps

The point of platforms is to enable your people to optimize their

processes, but in order to do so they all need equal access to up-to-date, comprehensive data. Completing projects or executing the delivery of services often requires cross-team collaboration, but if each department is seeing different data, this creates inefficiencies and, often, avoidable costs. Missed opportunities and wasted time and money from unequal access to data across departments is an all-too-common issue.

To keep data updated, you need a platform that's "smart" and agile. Often the reason for out-of-date data within a company is that inputting information into a system takes time and energy.

For example, if your salespeople need to manually input all customer interaction information, this is a huge time-sink, and they may not always have the ability to immediately input all customer information as it's acquired. This can result in data remaining out-of-date in the system for an extended period of time. Then, if a customer later reaches out to the customer service team with an issue with their product, the CS team may not even be able to look up their information. This results in the customer feeling neglected. Customers expect that a company will remember what they have purchased, when they purchased it, and having to repeat all their information is a nuisance at best.

The right platform will update your data for you. Smart platforms will ensure all your teams have access to the same data, and that it's all current, while less effective platforms will create silos between teams and make everyone's lives more difficult.

Looking to:

➤ **Streamline your processes?**

➤ **Build strong relationships w/your team?**

➤ **Align your team?**

BOOK A FREE CONSULTATION

Streamline your processes and align your people with the right platforms.

Book a free consultation with us today

+1.718.766.7442

240 Kent Avenue, 3rd Floor B17,
Brooklyn, NY 11249

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