

MARKETING

5 laws of post-pandemic financial recovery

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Focus on the problem, not the product or service. Image credit: Chief Outsiders

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The economic fallout of COVID-19 is forcing companies of all stripes to master the art of the turnaround.

Since this is no ordinary market contraction, now more than ever, there are five key principles companies should keep in mind as they work on financial recovery.

Focus on problems, not products or services

First and foremost, companies should determine how they define core capabilities.

Avoid defining yourself solely by your products or services. Those criteria alone may create a limited view since certain products can become irrelevant as tough times change market demand.

Instead, take into account the whole set of skills and capabilities of the company.

It is best to establish a relevant group of problems, and then align the capabilities of the company to address the new set of problems. Thus, the business can define its value proposition in a way that transcends any one offering.

There are already examples of companies successfully shifting gears or pivoting to meet new needs.

Think of a pillow manufacturer that is now making face masks. They do not make pillows: they sew, and now they are sewing to solve a new problem.

Not every company can pivot like that, but most can shift their focus to better serve current market needs.

Understand customers are your greatest assets

Companies need to reach out to customers proactively to discover what they need now, because in the case of a crisis as expansive as a pandemic, those needs have changed.

If the company genuinely listens to its customers and responds effectively to those needs, the business can earn loyalty that lasts well beyond the crisis. The best companies will discover their customers' current pain points and find creative ways to address them.

Recent examples include insurance companies automatically offering refunds to customers who are clearly driving

less during lockdowns, or the gyms that are offering online classes for members at home. These innovations are driven by thinking of the customer first, and adapting the product or service to them.

Diagnose accurately

In the midst of a crisis, companies may feel the need to diagnose the problem as quickly as possible, but speed should not be the priority here.

Accuracy matters most right now, and given the stakes of turnaround efforts, there is no time to get the diagnosis wrong.

Proper rationalizations yield operational efficiencies and, in turn, sales bumps and returns of momentum.

Shape your future around what makes you unique

No one should suggest companies ignore their competitors while executing a turnaround, but being aware of one's peers is different than letting them shape the market for themselves.

It is far better to shape the future of the business around what makes the company unique among its peers.

Double down on what is working

Turnarounds require doubling down with a single-minded focus on what works.

The Pareto Principle states that, for many events, roughly 80 percent of the effects come from 20 percent of the causes. Some companies ignore this at their own peril.

It is time to discover that 20 percent and invest even more time and resources there. Now is the time to sunset any products, services or activities that are underperforming.

If you have years of product proliferation, all those products need support and ongoing maintenance that rob the successful products of the investment they need.

The company's leadership should not be afraid of losing obsolete products. It will provide more than enough savings to make up for any lost customers.

Migrate most of your customers to better offerings and see your sales increase and margins improve.

IF THERE IS one recurring theme to all these principles, it is appreciating the unique situation of a given company and its competitive position.

Everything is grounded in an accurate view of a business and its place in the market in this moment, not what was the case a year ago. And in the weeks to come, you should be digging deeper into these five principles at work, because in turnarounds, the real world matters most.



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