

# **Swimming in troubled waters- surviving the recession-4**

## When will recession end?

---

- Ram Charan –world famous management consultant says:
  - “We can’t predict with certainty when the broader economy will recover.
  - But your company’s recovery can begin when you’re ready!”**

## GE- End the waiting game

---

- Don't wait for recovery
- This is the new 'normal'
- GE CEO Jeff Immelt
  - The presentations had to go
    - **from**
    - *'The market is slow'*
    - **TO**
    - *"There is an 80 locomotive order in Egypt"*

## Nalco-Go on the offensive

---

- Top executives taken to a large conference room and told “ Do not come out till you have decided on 25% of our products to cut”
  - 3 days later the group had blown up hundreds of products
- Employees asked to submit money-saving ideas
  - 1500 suggestions came in I quarter- millions saved
- No ‘equal’ cuts across the board for employees
  - Some people got more and some got less or went out
- Add people in China, India and Brazil which are expected to rebound sooner
- Nalco freezed salaries but said that if Company hit a half way mark (\$75 mio), employees would get 4%!

## Avon-leverage what you can control

---

- Use recession to your advantage
  - Promotions like “Look beautiful for *less*”; “Beauty on a *budget*”; “Shop *smart*, shop Avon”
  - Avon added 50,000 new representatives when all over people were losing jobs; Avon sales people work on commission so it is inexpensive for Company!

## Waste management- create a revenue share model

---

- Customers used to give cardboard to the company for \$100; Waste management made \$25 and customer would get \$75
- When card boxes prices fell, Waste management lost heavily
- They tweaked the revenue share model and said they would charge a processing fee of \$20 plus 10%
- Thus they got a physical hedge on commodity prices and ensured **they never lost on the deal!**

## Steps to deal with the new 'normal'

---

- Think creatively of the options in the changing world
- Sharpen focus on core business
- Make your company leaner/ fitter
- Refinance ahead of others
- Build maneuverability
- Identify new opportunities for growth
- Redeploy resources and people
- Frame partnerships you had not previously considered

## About the author of the article

---

- Ram Charan was sixth of seven children of a poor couple from a village in UP!
- 17 of one family lived in a small house without plumbing or electricity.
- Ram Charan today is one of the biggest management consultants in the world and is consulted by GE, P&G, Thomson corp., Verizon etc.!
- Jack Welch says: “He has this rare ability to distill meaningful from meaningless and transfer it to others in a quiet way without destroying confidences.”

– *Fortune Apr 30, 07*



## Acknowledgement

---

- “My recovery play book” by
- Ram Charan in
- Fortune magazine  
– Aug 31, 2009