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DEALING WITH THE DOWNTURN

PRESENTATION FOR THE IFA

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1 LEADERSHIP

What does the organisation need from you, as its leader ?

What do you need as a leader ?

2 TOUGH CHOICES ON STRATEGY

Where does your strategy fit ?

- Differentiation – different in some way that some customers will pay extra for (e.g. British Airways);
- Lowest cost (e.g. Ryanair);
- Niche (e.g. Suckling Airways).

How much of your business fits into your chosen strategy, and how much is “stuck in the middle” ?

When the prospective client says “XYZ Co can do it for 10% less”, how convincing is your reply “Yes, but it’s in your interest to go with us because...” ?

3 PERSONALISED PRICING PAYS !

Pricing offers the greatest, quickest and lowest risk way to raise the profitability of your business. Typically, a 1% increase in average price adds 11% to the bottom line. Compare this with the effect of a 1% increase in volume (3.7%) or a 1% reduction in fixed costs (2.7%).

Action: How can you further personalise your pricing ?

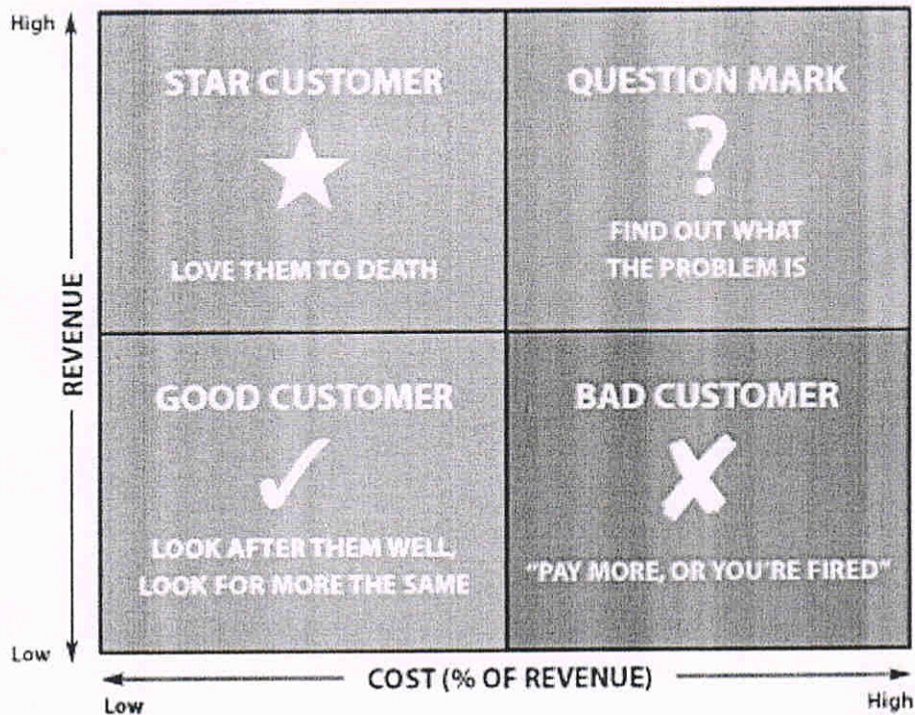
- Which of your customers do you, or could you, deal with individually ? How can you better understand the value of what you provide to them (be more Italian !), and capture that value in your price ?;
- If you can see defined customer groups, produce tailored offerings for each of them (the three different types of accounting firms);
- If you can't see defined customer groups, be like Starbucks and offer a choice of three – the Goldilocks principle. Are you *sure* that you can't segment the market more precisely than this ?

4 YOU ARE NOT IN BUSINESS TO SAVE MONEY

Is there anyone in your company who might say "You can't spend £1,000 to make £6,000 because we have spent the marketing budget for the year" ?

Action: Go through all your costs and ask "What would this area have to do for me to make me want to spend more, not less ?"

5 UNDERSTAND WHERE YOU REALLY MAKE YOUR MONEY



You can also apply this to products, or projects.

Actions

Ask your finance director or accountant the five questions:

1. Can you, within 30 minutes, identify our Top 10 recent projects, by profit not revenue ?
2. Can you, within 30 minutes, identify our bottom 10 recent projects, by profit not revenue ?
3. Are you absolutely sure that these figures include all the funny little costs that tend to creep in?
4. Can you give me the profitability of our different types of project ?
5. Can you pick out the anomalies in project groups. If one type of project is usually very profitable, which few are not, and why ?