

How to Prepare Your Company for Ongoing Change

8 min read



Coming out of the pandemic and global lockdowns, businesses have faced no shortage of unexpected challenges that started with not only copious adjustments to meet new public health and safety standards but also fears of war with Russia's invasion of Ukraine, supply chain issues, and worker shortages.

Key Takeaways

- **Recognize the Need for Change and Embrace It:** The economy, the marketplace, your clients, and your clients' needs are also continuously changing. If you fail to observe and anticipate the changes, then your business will...
- **Focus on Workplace Culture:** Any uncertainty or feelings of insecurity that crop up and spread among your employees can be detrimental to the positive workplace culture you have worked so hard to create. You can prevent these feelings from forming in the first place by...
- **Stop Reacting. Start Forecasting and Strategizing:** One of the most important ways to prepare for ongoing change is to...

Following the recent news of another 40-year high U.S. inflation rate increase to 9.1% in June 2022 [1], for the second consecutive quarter, the U.S. economy has shrunk. It's now at a 0.9% annual rate of contraction, according to the June 2022 GDP Report from the U.S. Bureau of Economic Analysis [2].

This has triggered fears of a recession in the U.S. and around the world [3], despite the Federal Reserve Bank's attempts to stymie such a situation with another 75-basis-point interest rate hike [4]. Paired with the unprecedented employee attrition numbers of the Great Resignation – an average of 4 million employees quitting their jobs each month [5] – this has painted quite the uncertain and volatile landscape for business owners everywhere.

In the face of an ever-changing economy that will likely never be safe from inevitable downs and hopefully never too far away from the next up, **what can your business do to prepare?**

Business Strategy for Inflation, Recession, Turnover, and an Ever-Changing Economy (8 Tips)

1. Recognize the Need for Change and Embrace It

Economic changes are like earthquakes, and just like an overly rigid building, if your business and leadership style are too inflexible, then your business will surely topple. In

addition to the economy, the marketplace, your clients, and your clients' needs are also continuously changing. If you fail to observe and anticipate the changes, then your business will eventually encounter insurmountable financial challenges or become obsolete.

The first step to surviving during ongoing change is to recognize the need for change and then to be open to adapting your business so that it can not only survive but thrive in the new economic climate. Simultaneously, you must also assess how the changing times affect your clients so that you can continue to meet the changing needs and expectations of your clients.

2. Step Up Your Leadership Skills

During volatile times, leadership skills are paramount to survival. It's essential that you rely on sharp business acumen to make strategic (rather than reactionary) decisions on behalf of your business during these times. It is also vital that you also use emotional intelligence to be a strong and supportive leader of the people in your company.

Read More: [Ethical Leadership: The Leadership Style CEOs Need to Practice](#)

Everyone is aware of the current economic challenges and uncertainties that they are creating for businesses. As a result, your employees are going to be concerned about the well-being of your business and the security of their jobs. For this reason, it is essential that you operate with transparency and honesty with respect to your employees. Be honest with them about the challenges you are facing, ask them about the challenges they are encountering in their individual roles and responsibilities, and communicate with them about the strategic changes you are implementing in order to solve the problems. Be open about the climate and also be open to receiving feedback.

This kind of clear communication and open channels for discussion will increase trust between you and your employees, ensuring you're all on the same team while preventing the spread of rumors about the state of business (rumors that are likely exaggerated and unfounded). As a result, your employees will feel more secure in their jobs and also take ever-increasing ownership of the way they fulfill their duties.

3. Focus on Workplace Culture

Any uncertainty or feelings of insecurity that crop up and spread among your employees can be detrimental to the positive workplace culture you have worked so hard to create.

You can prevent these feelings from forming in the first place by implementing a transparent leadership style.

At the same time, continue working to maintain a positive culture by staying focused on your company's core values, mission, and purpose. Be sure that you continue to infuse these – especially your values – into all of your operating principles as your business adapts to new changes. If you compromise your core values as a solution to change, then you will surely compromise your culture, employee satisfaction, employee engagement, and productivity too.

4. Prioritize Your Employees

During times of hardship (and always), you should recognize that your people are by far your greatest asset, and you need to prioritize them to prevent costly turnover from occurring.

Start by assessing the current state of your employees. You can conduct interviews or distribute an anonymous survey. Ask questions such as:

- Are you happy with your job?
- Do you feel appreciated?
- Do you think you could be more effective or engaged in a different position?
- Do you have clear and open lines of communication with your immediate supervisor?
- Do you feel comfortable offering negative feedback?
- Do you have clear goals?
- Do you have the tools and training to achieve those goals?
- What do you think about the workplace culture?
- Do you get along with your coworkers?
- Do you feel like you work as a team?
- Do you have any friends at work?
- Are you happy with the hours you work?
- Do you think a different office model would work better?

Based on the answers you receive, you should be able to identify employee management areas that need improvement. You can then devise and implement a human capital management strategy to ensure your people are happy, working in the roles where they can be most effective based on their skills, and that they are properly recognized and rewarded for their accomplishments.

5. Price for Profits

Protect your profit margins from the reduced purchasing power and increased costs of inflation by optimizing your prices for profits. With your most recent costs in mind (and the fact that inflation could still continue for some time), assess all of your products and/or services, packages, subscriptions, etc. Determine how inflation has affected your margins and come up with several strategies to either reduce the cost of doing business or increase your prices to once again achieve a comfortable profit margin.

Read More: [Don't Be a Pricing Coward! Get This Under Control...](#)

6. Focus on Your Strongest Revenue Channels

In addition to optimizing prices, you can also operate more efficiently and intelligently by focusing on your strengths – and your strengths lie in your product types, service types, and/or client types that produce the largest profit margins.

In order to assess your business offerings to identify your strongest revenue channels, you'll need a solid system for time tracking and expense allocation. With these systems in place, you can perform unit economics to pull profit and loss statements by category on any category you like. You might be surprised to find that your biggest clients are costing you more than you think or that a seemingly unlikely type of service is generating surprisingly large profit margins.

Be open to the idea of firing clients who aren't profitable, cutting services that cost too much, and adjusting your business offerings and marketing efforts to focus on your most profitable revenue channels.

7. Stop Reacting. Start Forecasting and Strategizing

One of the most important ways to prepare for ongoing change is to stop reacting to changes after they happen. Instead, you should be forecasting, anticipating changes, and strategizing. This takes the power and control away from the economy and gives it to you so that you are truly in charge of your company.

In addition to creating several budgets (best-case scenario, worst-case scenario, and as close to actual as possible), you should regularly be assessing your cash flow forecast and implementing strategies to avoid shortages. Additionally, you have contingency plans in

place to help you overcome unforeseen challenges such as unexpected losses, worst-case scenarios, or unexpected costs. This means saving enough free cash (rather than reinvesting or paying it out to shareholders) that your company can handle these kinds of problems, without breaking a sweat, if they occur.

8. Keep a Close Eye on Your Numbers

In addition to watching cash flow forecasts and creating budgets, you should also be keeping a close watch on your budget vs. actual numbers, current cash flow statements, and the key performance indicators that are most vital to your business's operations. This will help you identify early signs of future problems so that you can implement strategies immediately to minimize the impact of challenges that occur as a result of economic changes.

Is Your Back Office Strong Enough to Support Your Business?

As you observe, predict, and make changes to adapt to the volatile economy, you need a back office, processes, tools, and technology that are sound, secure, and designed not only to ensure your taxes are filed properly but also to help you run your business. With a solid back office, you'll have accurate, invaluable financial insights available at all times that can help you foresee future challenges, identify opportunities and take advantage of them, and make strategic decisions to not only help your business survive economic uncertainty but to ensure your business thrives through it.

[1] <https://www.bls.gov/cpi/>

[2]

<https://www.bea.gov/news/2022/gross-domestic-product-second-quarter-2022-advance-estimate>

[3] <https://www.bbc.com/news/business-62310355>

[4]

<https://www.cnn.com/2022/07/27/economy/fed-meeting-interest-rates-75-basis-points/index.html>

[5]

<https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/interactive-qui-ts-level-by-year.aspx>