

Invest in training to recession-proof your business

Proctor & Gamble, one of the world's most successful brand owners, thinks like this in a recession: 'When times are tough, you build share.' At the heart of this philosophy (and strategy) is that market share is cheaper in a recession.

By [Sandy Pullinger](#) 4 Aug 2009



The reason for this is that higher what-marketers-call share of voice (SOV) can be achieved by the brand that continues to advertise as its competitors scale back their marketing spend, and share of market (SOM) is directly related to SOV.

In other words, when the economy is in a growth phase, you and your two competitors may each account for a third of the advertising activity - or SOV - in your sector. However, during a recession, your competitors may drop their spend so that they account for only 25% each of the total advertising activity in the sector and suddenly, without spending any more, your share of voice has risen to 50% of the total.

The more obvious choice

Responding to your higher SOV, consumers find your brand the more obvious choice and you begin to take SOM away from your competitors.

It's a simple explanation, and there are many other factors to consider, but, essentially, maintaining your advertising spend during a recession results in considerable benefits during the upturn, increased SOM being one of them.

This has been proven by the Profit Impact of Marketing Strategies (PIMS) database, which was presented at the March 2008 IPA conference. It showed that companies that invested in marketing during a recession achieved a significantly higher return on capital employed and gained up to an additional 13% market share gains after the hard times had ended. Companies that cut marketing spend enjoyed superior ROI during the recession, but achieved inferior results after it ended.

Similar impact

I believe that investing in sales training during a recession will have a similar impact. My argument goes like this:

Marketing and sales go hand in hand; whatever marketing your company does has a profound impact on your sales performance. Consider these scenarios:

- If a company's presence in the market is diminished because of reduced marketing activity, the sales team is going to struggle. At first, it can attract sales by cutting margins, but this approach is difficult to maintain for very long. This sales team will become demotivated, and not perform at its best; sales will languish.

Empower the team

One way to assist the team perform in a market with diminished brand presence is to empower that team, to provide it with extra skills and sales techniques to counteract the ground lost to competitors who have maintained SOV.

- The company that increases its SOV can 'super-size' this by training its sales teams, by giving them the motivation and the skills to outperform competitor teams trying to sell on the same playing field.

For example, my company sells a software product that assists companies create proposals, request for proposal responses, presentations, and other sales documents. Over the years, by tracking its users, we've discovered that productivity increased by 25% and sales (or proposals won) increased by 11% for those people investing in the product and training its people to use it properly. That's a powerful argument for training... and a logical argument for investing in training during a recession.

In his book called *The Giants of Sales*, Tom Sant takes an incisive look at Elmer Wheeler who discovered fundamental truths about persuasion by testing thousands of sales pitches on millions of people, and achieved great success in the middle of the Great Depression, writing:

“ “Don't sell the steak, sell the sizzle!” That's a classic selling point from Elmer Wheeler, who tested thousands of sentences on millions of consumers in his Wheeler Word Laboratories, searching for combinations of words that produced the best results. In the process he developed an influential selling program and wrote more than 20 hit books - lasting contributions to the field and a major influence on popular contemporary writers such as Stephen Covey. ”

Many successful businessmen and women acknowledge that training employees contributes to a healthy business, and healthy businesses make money. However, that's not all. Training does much more than contribute to employee retention. The benefits of keeping employees' skills sharp are returned many times over to the employer and its customers.

Become creative

Smaller companies that operate leaner training budgets have become creative to continue to obtain and provide employee training and to improve our in-house training programs. As larger companies continue to cut their programs, these companies feel it will allow them to become more competitive and be able to offset competitive advantages in product design, sales and service.

An anonymous contributor to a recent survey on training levels in industry had this to say: "I see training budgets declining. For example, you used to see many companies sending their employees to industry meetings. Now they have cut the number of employees they can send to meetings because of travel expenses, a big mistake. We are recommending products to customers who operate increasingly expensive and technical machinery, and currently our staff is undertrained for the kind of decisions we have to make. Finding the money for employee training in tough times is difficult, but there's no substitute if you want to maintain a safe workplace, give customers the best products and services possible and increase corporate profitability."

In conclusion, recessions are full of opportunities. While they prune the economy, they can also be a source of great innovation as organisations re-think themselves to find better efficiencies. There is no 'one solution' but companies that continue to train their staff will most likely weather the recession well.

ABOUT THE AUTHOR

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