

## ■ MID-IOWA BUSINESS

# Leading and managing through a recession

**A**lthough there is no official definition, a recession is commonly defined as two successive quarters of shrinking Gross Domestic Product (GDP). Since GDP is a trailing indicator — that is, data is not available until after the quarter ends — one never knows for certain whether a recession is in place until well after it has started. Indeed, after much study and debate, the National Bureau of Economic Research officially declared on Dec. 1, 2008, that the country has been in recession since December of 2007.

I was surprised to learn that, at 12 to 13 months old, the length of this recession has already exceeded the average length of its post-World War II predecessors (10.5 months). In fact, the longest recession in the past 50 years lasted 16 months. I've got a hunch that record is in jeopardy.

Recessions certainly provide unique challenges to running your business. But recessions also provide opportunities. This month I'd like to offer some advice on leading and managing through a recession.

Let's start with a couple of definitions:

Management is the skill to ensure that maximum results are obtained from the existing process or situation. It entails effectively setting expectations, establishing timely and accurate feedback systems, and having the discipline, tactfulness and



**RICK BRIMEYER**

courage to respond quickly and appropriately to out-of-control situations. Management is all about working within the process or current situation.

Leadership is the ability to communicate and inspire others towards a vision for an improved future state. Leadership involves working on the process or status quo in an effort to improve it. It requires personal passion, courage, patience and commitment.

Above all else, managing during a recessionary environment means keeping an eye on cash flow. Strategies worth exploring include:

- Challenging expenses to identify

where waste has crept into the system during good times. Are we paying for luxuries? Have suppliers grandfathered surcharges from the latest boom period into their regular pricing? Could we reduce expenses typically thought of as fixed (such as electricity) with some attention?

- Investigating and optimizing accounts payable. Your suppliers are likely trying to manage cash flow as well. They may be willing to offer price incentives for early payments.

- Investigating and optimizing accounts receivable. Should we reward our early payers and/or penalize our late payers?

- Fine tuning inventory to ensure cash is not needlessly tied up. Do our inventory levels still reflect peak demand? Are alternate suppliers with shorter lead times available?

Regardless of the strategies chosen, strong management skills are needed to implement them and ensure that maximum benefits are realized. For example, if it is decided to closely monitor expenses, budgets should be set and closely watched. This is the essence of management.

From a leadership standpoint, a recession provides a unique opportunity to produce cultural change within the organization to make it stronger. Perhaps complacency has seeped into the organization dur-

ing good times. Results have been OK, maybe even good, but they could be much better. Just the fact that it takes a recession to cause the organization to tighten its belt is a good indication that money was left on the table during good times.

As hard as it is to change people's habits, it's almost impossible when they perceive things are going well. "If it ain't broke, don't fix it" will be the response. A recession, with its almost certain negative impact on business results, provides the leader with an environment for communicating a compelling case for change. Employees now may have doubts, perhaps even fears, regarding the future.

Opportunistic leaders take advantage of the downturn to communicate their vision for better days ahead. They use the shortcomings of the current situation as evidence against the status quo. By demonstrating confidence in the team's ability to not only weather the storm, but emerge stronger, they begin to develop a core following that will help turn the vision into reality.

Next month, we'll go into more detail on the process for leading change within an organization.

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## ■ LOCAL BUSINESS

# North Ames Fareway addition coming together

BY DAN WRIGHT  
Staff Writer

**T**he north Ames Fareway addition is coming together piece by piece, with a goal of opening in early to mid-March still in reach. The construction is still under way, but several key finishing points have already been met.

"The outside shell is substantially complete, and they'll continue work on that," lead developer Chuck Winkelblack said. "There's still work to be done on the outside brick and the roof, so it's not complete yet, but it's close."

Winkelblack said the widening of Bloomington Road to accommodate the extra traffic is also complete. The site, at the intersection of Bloomington Road and

Stange Road, will be Fareway's third location in Story County and 96th overall to open in the Midwest.

While construction to the brick facade is still in progress, Fareway CEO Rich Beckwith said work on the parking area is finished, and he hopes to have the building enclosed within the next month.

"We're about 95 percent complete on the wall sections," Beckwith said. "We would anticipate two weeks (from Dec. 15), if the weather cooperates at all. We should have the roof members on and fully enclosed, and that will facilitate a lot of work getting started on the completion."

Beckwith said the landscaping has been a bright spot in the development as a result of preparations made earlier this fall.

"We had a good start on landscaping this fall and got the seed down," he said. "We're ahead of the ballgame on the landscaping side given our progress in the fall."

The new development was approved in June after months of negotiations over land-use policies and zoning regulations. The Ames City Council approved a zoning ordinance allowing the development of a commercial business district in north Ames.

The original plan was defeated in September 2007. A more defined amendment followed, allowing exceptions to the placement of commercial zones next to village-concept areas. The amendment specifically applied to the Somerset Village area because it

currently stands as the only village-concept area in the city.

The council eventually approved a limited list of specific business ventures: a grocery store, a medical clinic, a car wash and a convenience store.

Winkelblack said a possible agreement had been reached with a person interested in purchasing the convenience store.

"There is a tentative agreement with a convenience store owner that I can't name, and they're doing their due diligence right now, and they hope to have it available by sometime shortly after the first of the year," Winkelblack said.

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