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Don't Make Knee-Jerk Calls

Business Plan

By Alexandra Lopez-Pacheco, Financial Post

"I think this downturn is as much an opportunity as it is a threat because it allows us to evaluate what is important in a very serious manner and to be able to do things better and smarter than ever before," says Asif Sharif, chief executive of Richmond Hill, Ont.-based eDev Technologies.

He isn't speaking theoretically: eDev, a requirements technology and consulting firm, is not only surviving: In the past year it has doubled revenue and staff, while ensuring its business plan addresses short-term challenges in ways fully aligned with its long-term vision.



Asif Sharif, CEO of eDev Technologies, sees the recession as an opportunity to evaluate his business and do things smarter.

Such an approach has always made sense but it's absolutely critical during tough economic times, experts say.

"When the wind is blowing fast enough, even turkeys can fly," says Steven Gedeon, director, Ryerson Entrepreneur Institute and professor at Ted Rogers School of Business Management's Entrepreneurship & Strategy Department. "But as soon as that wind dies down, the turkeys start dropping."

The No. 1 short-term issue is cash flow management, he says. That starts with a stringent review of all variable spending as well as an understanding that even non-variables should be revisited. Instead of making knee-jerk decisions and cuts with only short-term relief in mind, successful businesses consider how those decisions will affect long-term goals.

"The companies that emerge stronger will cut back, but they will not take out of the budget the development of their people," says Brian Brennan, partner of Aurora, Ont.-based Max Potential and a mentor with the ISCM Investment Network, a not-for-profit business advisory hub that helped eDev improve its strategy.

"Really focus on the core of your company, what you do well, do it exceptionally well and protect first and foremost your current market share," Mr. Brennan says. "And take those things you do really well and bring it to new opportunities."

Customer service is at the top of what eDev does really well. "People think about cutting down costs and they say, 'instead of spending five hours with the client, let's spend one hour and that will save us money,'" Mr. Sharif says.

"What we've done is the complete reverse. We've said excellent customer service is key to our success, so we must go way out of our way and provide that service, whether it is training, mentoring, customer support, technical support calls ... We're being as proactive as we can because eventually things are going to turn around and when they do, they're going to come to us."

Other successful strategies eDev uses to address short-term challenges include cutting back on traditional marketing, such as trade shows, putting more emphasis on cost-effective e-marketing such as Webinars; developing creative solutions to pricing; and turning a downturn challenge into a tool for growth. "We used to sell the product outright. Now, we're saying you can lease it. That's helped us find new clients who really don't have the money to pay upfront." Mr. Sharif says.

Thinking hard about who their customers are, what are their values and needs and how to best deliver that value is key to successful strategy, Ryerson's Mr. Gedeon says.

Even in a recession, eDev expanded its client base by identifying a new niche: business analysts. "We asked them to be part of the movement, offering them free software, support and training so we can build a better product. The response was overwhelming. And it led to many sales," Mr. Sharif says.