diamond logistics

2023 business survival checklist

How **diamond** not just survived, but actually grew substantially out of all of the last 3 recessions.

1. balance action with overreaction

My biggest learning is to be prudent but not overreact – and that's a very difficult balance of action, prudence and foresight. I'm not going to be able to offer anything more than say listen to good advice (experienced and positive, but not delusional), look at your plan and listen to your gut.

2. don't stop selling

We are up 20% YoY in November and December (after a horrid time after the final imposition of the Brexit trade restrictions last year), and we have multiple new site launches in 2023 planned for the Network Partners already looking at sensibly diversifying their businesses.

There is demand for what we do. But, our average client spend is down by 25-30%. So we have had to sell HARD to grow. This will bode well as our clients grow out of recession. But for now we have to sell twice as hard to stay where we are – and 4 times as hard to grow. Do not cut sales now. In fact divert resources into sales and marketing.

3. target recession proof industries

And here's the thing – there will always be some companies that do okay in a recession. They include utilities, health care, consumer staples, and technology. So, my top tip is to start targeting recession proof businesses if you sell B2B. We have campaigns targeted to support some of these sectors in 2023.

Recession-proof businesses include:

- Tax and accounting
- Financial advisors
- Supply chain and delivery
- Childcare and healthcare
- Car maintenance - garages, servicing, tyres
- DIY retailers
- Plumbing and utility services
- Tech and IT support

Recession-proof businesses tend to have some of the following characteristics:

- Sell or provide essential goods or services
- Provide crucial repairs – plumbers, electricians etc
- Customers that are high net worth individuals

4. review costs

And as Felix Dennis reminds me in his great book, "The Narrow Road", your most expensive resource is on 2 legs. It's horribly difficult as captains of our ships, to exit people – I have never been able to be ruthless with my team (to my personal cost – accepting substantial salary cuts to preserve my team when necessary), as we hate losing great people. However, by not making prudent adjustments now, your inactivity could be sinking the whole boat. It's only right for you to look at efficiencies.

5. drive up productivity

This is where great tech can help BTW – if you run an efficient business enabled by technology you are naturally drive up productivity. Our logistics management platform, Despatchlab reduces headcount by maximising its powers to do the job of multiple people in client services and fulfilment. So a reasonably sized site, such as our Guildford site, can run on 3-4 people (outside of peak) which is uber productive.

6. keep an eye on recovery

DO NOT be short-sighted. Great people, suppliers and resources are difficult to find, and may be your greatest assets. When recovery comes – and it will (forecasts now say it will be 2024) - you need them to deliver your future plans. And that is my point – you need planning more than ever now. What does the next 5 years look like? I know its almost impossible to forecast at present but even the process of looking at your plans A, B and C even if they don't come to pass (my last 5 year plan didn't really budget for Brexit Armageddon, Covid and war with Russia...!!) but the annually published plans, the review of them and evening the totalling up of what we've faced and what we have survived is beyond useful.

7. no profit is cancer, no cash is a heart attack

I do know that it is all very well saying look at cash and build a runway, but frankly most businesses I know have more debt post Covid than before; and banks aren't being helpful. So if you can, try and build your runway or look at debt equity swaps or a share offering to stakeholders if you need to. The one historical mistake I'll share is however, I have accepted terrible valuations when I have been a bit skint, and ended up regretting it, so sell equity only as a last resort. It is genuinely nice to still have a substantial majority of my shares . . .

However, if you need cash, then make strategic decisions sooner, rather than later to shore up your next 18 months of requirements at least, including your Capex – which is where the majority of our cash burn comes from.

8. don't stop investing

It's amazing how contradictory some of this advice is, but there are gains to be made by those companies who continue to innovate. If you believe in your business but take your foot of the development gas too soon, you could find yourself lagging behind when we emerge from the recession. Target development that adds to the saleability of your products and client retention. Essentially, balance preserving cash and sliding behind your competitors due to lack of investment.

9. get fixated about attrition

For us, it's all about the client experience. How many clients keep buying from us? With client attrition rates of typically half of that of our sector, this helps our business to grow. There is no point in putting lots of effort in the top for it to haemorrhage out the bottom.

I am going to counter this though, with a balanced argument about return and reward. If any stakeholder – client, network partner or employee – is more work than the reward, then do not be shy in saying goodbye. A £10k a month account who is an unreasonable time vampire, or an employee who is scuppering the boat, is a worthy plank walker!

10. 80/20 applies

If your funds are limited, fixate on your top 10 - 20 customers, who will provide 80% of your future income. Pareto principle applies. In 2008, I couldn't really afford to keep marketing the business, but we kept 80% of our Top 20 and did that by turning up the love even more. Personal touches, regular communications (including their recession plans) and meetings (normally over dinner!) kept our relationships sticky.

find out more

If you would like to know more about **diamond** and understand how we can help businesses in 2023, give our team a call on 0333 567 5888, email us at sales@diamondlogistics.co.uk or visit our website, diamondlogistics.co.uk.

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