FEATURE: RECESSION

Down but not out: a survival guide for Directors

As the UK economy enters its deepest trough for years, perhaps decades, **Tom Nash** finds out how IoD members are coping with recession

Graeme Leach, the IoD's Chief Economist and Director of Policy, recently summed up the current business malaise: "After 15 years of economic growth the party is over," he said. So who is suffering from a hangover and what can they do about it?

The picture is far from uniform. In the "real" economy – outside the City of London's banking and financial services sector – the worst headaches have so far been felt in the property and construction sectors. Here, we talk to seven directors to find out how they are coping with the downturn.

CHRIS HARROP, GROUP MARKETING DIRECTOR, MARSHALLS

Quoted paving slab specialist Marshalls has been badly hit by the slowdown. It recently admitted a 15 per cent fall in sales to households over the last four months, as consumer spending has plummeted and its forward-order book is down by a third year-on-year. Another of its main markets, commercial building, is also down as funding for the sector has dried up. Not surprisingly, the company's shares have slumped.

Chris Harrop, the Group Marketing Director – and a chartered director – is braced for "hefty declines in business this year and next", but he's far from downhearted. "When the cycle turns, we'll be in a strong position," he maintains. His optimism is based on the company's decisive actions, which have included cutting non-essential capital expenditure and careful management of cash and credit terms. "We've had to be tough with our salespeople, telling them to stick to insured credit limits, even when it means turning away sales," says Harrop.

Marshalls has cut capacity and headcount by closing two sites earlier this year. "We were ahead of the curve. If you're going to make cuts, make them early and quickly," says Harrop. "It's as much about keeping the remaining staff motivated as it is about letting people go as humanely as possible."

The company has also refocused its sales team on growth areas and creditworthy customers, notably in the public sector, where investment in schools and hospitals remains high.

> *"It's as much about keeping the remaining staff motivated as it is about letting people go as humanely as possible"*

VINCE CLANCY, CHIEF EXECUTIVE, TURNER & TOWNSEND

Vince Clancy, Chief Executive of global construction and management consultancy Turner & Townsend, also reports a decline in business from debt-funded house-builders, developers and, most recently, other corporates as they strive to conserve cash. But this is being offset by buoyant spending in the public sector and regulated industries.

Where projects are long-term, such as the 2012 Olympics, led by underlying demand, such as in the energy sector, or necessary to meet regulatory requirements, such as in the rail industry, investment is being maintained. While Clancy remains "concerned" about the economic outlook, he is not pessimistic. His advice is to stay close to customers, understand their challenges and raise quality. He also believes that, while it's important to cut costs and control expenditure, it's equally important to be alert to opportunities.

"We're trading broadly in line with our budgets for the last six months," he says. "We're fortunate in being in diverse markets and we're channelling resources into the better-performing sectors where we can see a good return."

CAROLYN ROBERSON, CAROLYN ROBERSON CONSULTING

A smaller beneficiary of spending in the public sector is Carolyn Roberson, who started her own company, Carolyn