

The CEO Survival Guide: How to thrive in an economic downturn, by a woman who has beaten the odds

By Valerie Frederickson
October 2008

According to a highly respected Silicon Valley VC, I am one of just a few people in my geographic region who can say that they have run a company continuously and profitably for 13 years. Here are my secrets.

- Get out of denial and embrace the gloom. Only the paranoid CEOs survive major economic downturns.
- It's better to be miserably frugal now than out of business later.
- Focus on the basics: business development, closing sales, doing good work.
- Communicate regularly with your employees. Let them know what's going on and how good or bad the numbers look. Update them constantly.
- Forget about nice-to-haves and spend only on must-haves. Cancel the extra person going to the conference. Make the company party a potluck. Buy a used phone system. Cancel your entertainment budget.
- Lay off all your poor performers and keep only the absolute best employees. Then use the payroll savings to make sure they're still getting their bonuses.
- Take yourself off payroll, if necessary.
- Tell your spouse how bad it is—or at least some of it—and have a family initiative to bring extraneous spending to a halt. No personal trainers, no fancy restaurants, no vacations. Try to cut \$5,000 or \$10,000 a month from your personal spending.
- Take responsibility for business development and close deals yourself.
- Spend an hour a day visiting current and past clients.
- Track your pipeline carefully. Figure out why you're losing some business, and set a goal of closing everything in your pipeline, even if the terms are bad.
- Take on work you would have turned down six months ago. Your new motto: all revenue is good revenue.
- Become a do-it-yourselfer. Literally. Do work yourself, and get your executive team to do the same. Assign someone to IT, someone to data entry, and someone to communications. Give everyone two or even three jobs, if necessary.
- Get creative. Roll out new products and services or repackage the old ones.
- Stay positive. This is why it's called "work" and not "shooting fish in a barrel"!
- Know that this, too, will end, and that the frugal, hardest working CEOs will inherit the kingdom