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Overcoming adversity to come back even stronger

Founders and CEOs reveal how they dealt with existential crises at varying levels...

In business life, it's normal for challenges to appear at every twist and turn.

Firms, in general terms, expect the unexpected. However, the ongoing COVID-19 pandemic, shows just how challenging things can be in reality.

From shifting consumer behaviour to a potentially tarnished reputation, business leaders face an array of challenges, whether leading a fledgling startup or a large multinational fighting to survive. While overcoming such tests are formative, failure may also be an effective teacher, provided it's handled in the right way.

Shifting sands

Few threats have proven deadlier than the global financial crisis, with more than a decade passing since the fall of major banks reverberating

throughout the economy. For Richard Blanford, founder and chief executive of IT infrastructure firm Fordway, this crisis led to a collapse in demand with profits swinging from £600,000 in 2008/09 to losses of £550,000 by 2010/2011.

"Our business model was selling third party products with our consultancy skills on a project basis for large scale IT Infrastructure transformation projects," Blanford says.

"When the commercial environment became really tough we found that this wasn't going to stand the test of time."

Fordway generated revenue by fulfilling digital transformation contracts, but the recession led to budget cuts and slashed the number of companies implementing upgrades. This resulted in competitor bankruptcies.

But, instead of folding, Fordway "cannibalised" its organisation by reinventing itself as a cloud service provider; using its core strengths to generate recurring rather than project-based revenue. This undertaking, in the midst of an economic storm, demanded significant investment in infrastructure and training, as well as cuts, redundancies, and changes to the business culture.

"If the rest of the business is sound, sometimes all a company needs to transform itself is a really good idea," Blanford explains.

"The trick to doing this effectively is to really understand what you are good at and then work out how you can apply it differently to build a more sustainable, profitable business."

Keeping up

Around the same time as the financial crisis, the music industry faced a reckoning spurred by the shift from physical to digital distribution. This seismic shift meant Karen Emmanuel,

founder and CEO of music manufacturing firm Key Production, had to think fast and make difficult decisions to future-proof the business. Beyond an initial round of pay freezes and redundancies, she embarked on a modernisation process by navigating the market with a view to making acquisitions.

“The companies that I have bought add another dimension to Key that I didn’t already have,” she explains.

“For example, Think Tank brought knowledge of bespoke packaging and work outside of Music. Modo brought creative product design, Breed - a knowledge of SEO and online advertising.”

The key to this strategy is nailing down the figures, Emmanuel adds that she’d only pursue a deal after examining very detailed accounts, with the help of her accountant, who she’s known since 1992, and her lawyer. Key Production Group now comprises six companies and employs 58 people at four offices in England.

Turning the tide

While external factors can be devastating, some businesses are arbiters of their own doom. Security platform MacKeeper gained notoriety for using aggressive marketing tactics via third-party affiliates, and was even sued in 2014 because it allegedly swindled users into paying for needless fixes.

“This led to a reputation that no company wants to find itself with, branded a virus, and seen as an unwanted application with little value to users,” MacKeeper’s CEO Alun Baker laments. “The company needed to change and there was a lot of passionate and brilliant staff just waiting to make it happen.”

After taking the reins in May 2019, Baker thrust a ‘customer-first’ mantra at the heart of all decisions. The company overhauled its flagship product and recruited a string of leaders with experience working for reputable companies including the BBC, Apple, and Sony, bringing the knowhow to reshape corporate culture and governance. MacKeeper then cleansed its entire sales and distribution channel of rogue third-party resellers, and



hired a company specialising in scam detection to flag any fraudulent advertising.

“Some people are still yet to be convinced and it was always going to be a long road to travel, but the overhaul of our software speaks for itself,” Baker continues. “We have invested considerable resources in regaining the trust of Mac users worldwide and this is already starting to show.”

Not if, but how

Sadly, pulling through isn’t always viable, and in the face of insurmountable adversity it may be tempting to simply freeze as firms accept their fate. But Fordway’s Blanford insists that doing nothing in these circumstances is simply not an option.

“If the business isn’t working, don’t wait for things to get better,” he explains. “Understand how you can apply what you are good at differently, change your game and do it fast even if this means cannibalising your existing business.”

His view is shared by MacKeeper’s Baker, pointing to his own company as proof that change is always possible, with the challenges MacKeeper faced widely seen as being too big to overcome.

For Raps Gill, founder and COO of private members club Vaal & Vaal, however, the answer is more nuanced, having “practically been at the door of closure” many times. Business chiefs should feel comfortable accepting their fate, he explains, when the financials of closing down and restarting

outweigh the cost of floating large debt. Market conditions may also be stacked against supporting growth.

“You may be fighting the wrong battle at the wrong time, which you shouldn’t take personally,” he adds. “The important thing is not “if” you fail, but “how” you fail. I think you can technically fail at something in the literal term, but if you really test yourself then you come out knowing more, and armed with more than you did when you went in.”

He offers a similar perspective to that of chairman of the Martin James Network, Jim Cockburn, who has run a string of organisations since 1994. Some of his businesses have nearly gone bust but bounced back after reconstruction and cost-cutting.

“You have to know when to push and when to pull,” he insists. “I feel like the Americans are much better at this than us Brits. They don’t judge people who fail - they give them another go. Failure hurts but you learn from the pain. Remember, nothing is as easy as it looks and everything takes longer than you think it will.”

It’s a tough business world out there. Prior to the pandemic, the government’s Insolvency Service suggests around 17,000 and 3,000 firms respectively become insolvent and enter liquidation each year. There is hope, though. As the above examples have shown. So business leaders thinking about throwing the towel right now, really should stop and wait a little longer. Survival - successfully so - is not just possible but totally achievable.