Tech companies: To lead during a downturn, think like a cyclist

During an economic downturn, startup leaders need to think like a cyclist would—maximizing effort versus spend, looking out for obstacles, and committing to the long haul. Here's how.

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BY ERIC FRIEDRICHSEN

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The recent crash of high-growth Big Tech stocks is encouraging many tech companies to slow their burn rates. VC firms are warning startups to "account for an extremely capital-constrained environment" as the sector right-sizes after a record-breaking year of venture funding. Their advice? Focus on efficient spend over growth-at-any-cost—it may be a long road to recovery.

Two of my passions outside work include road and mountain biking. Reading this news, I noticed that many of the techniques that I use as a cyclist also apply to startups looking to navigate less forgiving market conditions. These techniques have guided me to become a smarter leader throughout my career, and they ring particularly true whenever I'm gearing up for a challenging sprint or business venture.

The fact is, even if you work in a market that is somewhat insulated from recessionary effects (in my company's case, spend management, which arguably becomes more essential during a downturn), these periods can shake people's confidence. Steady leadership is more critical than ever. That's why, during an economic downturn, startup leaders need to think like a cyclist would—maximizing effort versus spend, looking out for obstacles, and committing to the long haul. Here's how.

LESSON #1: GO SLOW TO GO FAST

When a road biker wants to increase their RPM (revolutions per minute), they train by riding long distances at slower speeds. Training below your lactate and heart rate threshold helps build the muscles needed to perform the best sprints. Interval training improves endurance while minimizing stress on the body.

Like a road biker, companies that want to improve their growth cadence need to intentionally slow down sometimes. It's especially necessary when approaching uncertain market conditions, pivots, sales, or acquisitions. This is the cycling equivalent of scrubbing our speed before we reach a turn or any other type of danger zone. Cycling teaches us to brake gently and allow our momentum and body weight to carry us through the turn, for several reasons.

First, we can't always see what's around the bend. If we take the corner at speed, we don't have much time to prepare for what's ahead. The second reason is that it's simply easier to brake while upright on the bike, moving in a straight line. You're more likely to skid or wash out when you brake during the turn. Finally, if you pump the brakes too severely, you'll be inching around the corner and losing momentum.

When we approach change confidently, we can use this momentum to propel us through it, maintaining speed and control and perhaps even gaining on competitors. As famed accelerator Y Combinator recently wrote to its startups: "You can often pick up significant market share in an economic downturn by just staying alive."

LESSON #2: LOOK 20 FEET IN FRONT OF YOU

While pummeling down or climbing up a trail, mountain bikers need to look 20 feet out in front of them. If they just scan for what's directly ahead, they won't see upcoming obstacles. They might swerve left to avoid a giant rock only to encounter a bigger rock. This happens in business all the time; when leaders get sucked into the issue *du jour*, the next problem can sneak up and hit them even harder.

Looking "farther out" can mean anticipating where the market is going, what products your customers might want next, or what tech stack your employees will need 2-3 years from now. Think of the companies that seamlessly transitioned to remote work during the start of the COVID pandemic—most already had digital transformation initiatives underway. They may not have planned for a pandemic (did any of us?), but they planned for a more flexible, decentralized future of work, and that's what made the difference.

In a downturn, planning for less capital and longer funding cycles may require tech companies to increase their revenue streams and be more productive with marketing budgets. Those who do so will find themselves powerfully positioned to make their next move.

LESSON #3: WHEN YOU THINK YOU'RE AT THE TOP, KEEP PUSHING

A few years ago I took a class on biking uphill. My instructor's biggest tip was to keep pedaling over the top of the hill. When you think you're there, push a little longer. This helps you maintain momentum, which you'd lose if you start to coast too quickly.

In business, if you quit when you think you're ahead, you're all too likely to be defeated once you've let your guard down. A salesperson lets a done deal go cold because he's "just waiting on the contract." He never follows up and never gets the signature. A company controls 60% of the market while its competitors fight over smaller shares. Happy with the majority, the company doesn't notice a competitor persistently chipping away at their stronghold.

Sometimes the market shows signs of recovery before it takes another turn. The first sign of life may not be the right moment to shed your wartime tactics. Remember that there's only one way to know for sure when a certain market phase is over: when it enters a new one. Keep pushing up the hill until you feel gravity doing the hard work for you.

LOOK WHERE YOU WANT TO GO, NOT WHERE YOU DON'T

I'll end with my favorite visual technique in the world of mountain biking: where you look is inevitably where you go. If you notice a fallen log and think, "I don't want to have to bunny hop that," then almost inevitably, that's what you'll end up doing.

Our responsibility as leaders is to choose a path and pursue it while steering our team past distractions: goals that aren't mission-critical, past failures, and competitors' strategies. An intense, clear focus is how we achieve strong performances for the least energy expended. As any serious road biker knows, maintaining a sustainable pace allows us to attack later on in the race when the time is right—breaking out of the peloton and on to victory.

Eric Friedrichsen is the CEO of Emburse, a global leader in spend solutions on a mission to humanize work.

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