

Business Strategy-

During Recession

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**“I’ve heard there’s going to
be a recession.**

**I’ve decided not to
participate.”**

7 Ways To Make Your Business Thrive During Recession

1. Protect Cash Flow

- ❑ Cash flow is the lifeblood of the business
- ❑ To keep your business healthy, cash needs to continue flowing through
- ❑ Having cash flow out of your business will never be a problem

- ❑ As long as your business exists, you will have expenses
- ❑ But the harder times get, the harder it can be to keep the cash flowing in
- ❑ Recession-proof your business by implementing strategies to keep the cash flow moving

2. Review Inventory Management Practices

- ❑ See what can be done to reduce inventory costs ,
- ❑ Without sacrificing the quality of goods or inconveniencing customers
 - ❖ Are you ordering too many of particular items?
 - ❖ Can an item be sourced somewhere else at a better price?
 - ❖ Is there any eliminating shipping and warehousing costs?

3. Focus on Core Competencies

- ❑ Just adding other products or services to your offerings is not diversification
- ❑ At best, it's a waste of time and money
- ❑ Worse, it can damage your core business by taking your time and money away
- ❑ Drop the extras and focus on what you do best that is most profitable to recession-proof your business

4. Develop and Implement Strategies to Win the Competition's Customers

- ❑ If your business is going to prosper in tough times,
- ❑ You need to continue to expand your customer/client base and
- ❑ That means drawing in customers from the competition

- ❑ **How can you do this?** By offering something more or something different than the competition does
- ❑ Research your competition and see what you can offer to entice their customers into becoming your customers

5. Make the Most of Current Customers and Clients

- ❑ We've all heard the old adage that a bird in the hand is worth two in the bush
- ❑ The bird in the hand is your customer or client and
- ❑ He or she is an opportunity to make more sales without incurring the costs of finding a new customer

- ❑ Even better, he or she might be a loyal customer, giving you many more sales opportunities

**If you want to recession-proof your business,
you can't afford to ignore the potential
profits of shifting your sales focus to include
established customers**

6. Don't Cut Back on Marketing

- ❑ In lean times, many businesses make the mistake of cutting their marketing budget to eliminate it entirely
- ❑ But lean times are exactly the times your business most needs marketing
- ❑ Consumers are restless and looking to make changes in their buying decisions

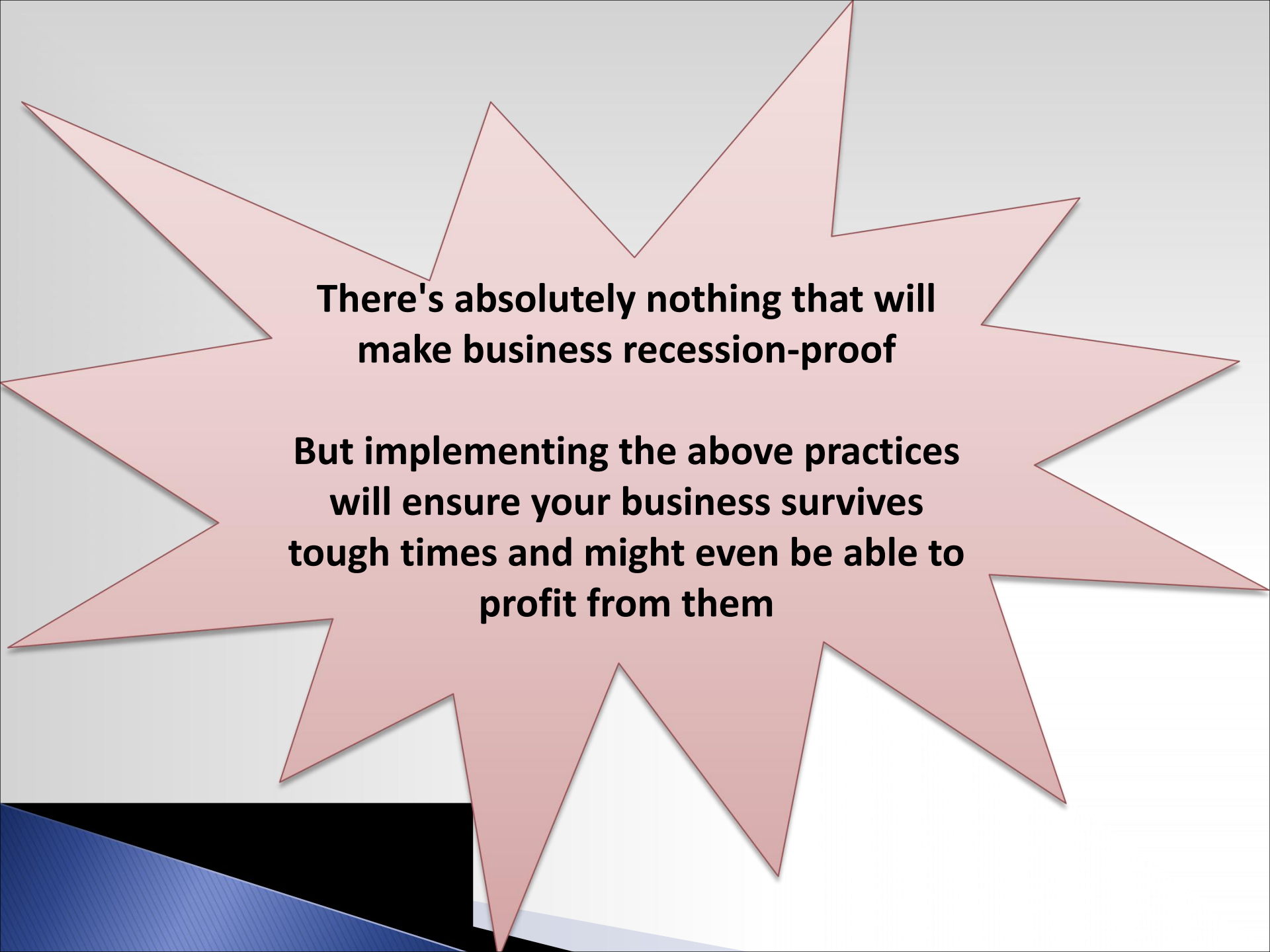
- You need to help them find your products and services and
- Choose them rather than others by getting your name out there

**So don't quit marketing
In fact, if possible, step up your marketing efforts**

7. Keep Personal Credit in Good Shape

- ❑ Hard times make it harder to borrow and business loans are often among the first to disappear
- ❑ With good personal credit,
- ❑ You'll stand a much better chance of being able to borrow the money needed to keep your business

- ❑ To recession-proof your business, keep tabs on your personal credit rating as well as your business one and
- ❑ Do what's necessary to keep your credit ratings in good shape



**There's absolutely nothing that will
make business recession-proof**

**But implementing the above practices
will ensure your business survives
tough times and might even be able to
profit from them**

**Three things that help keep the growth
machine moving in the right direction
with momentum,
even when consumer spending slows**

1. Reallocate Funds From Research & Development to Customer Experience

- ❑ Product innovation can tear your profit margins apart, especially during a recession
- ❑ As in the case of Lego and car manufacturer examples,
- ❑ Consumers look for longevity and proven durability during a recession

- ❑ New product development just can't deliver enough of a promise for consumers to buy with confidence,
- ❑ So sales continue to slump

2. Look for Strategic Acquisitions or Acqui-Hires

- ❑ Strategic acquisitions can have a tremendous impact on an organization during a downturn
- ❑ The key word here is strategic
- ❑ The larger companies get, the more they rely on strategic mergers and acquisitions to grow

- ❑ The key here is to take a proactive stance instead of a reactive one
- ❑ Be on the lookout for businesses that can push your company further, and
- ❑ When the timing and pricing are right, acquire them

3. Refine the 3 Ps of Business

- ❑ Slowing R&D and making strategic acquisitions are helpful tactics,
- ❑ But you can't afford to ignore what's happening at the core of your business

❑ One of the most fundamental steps in ensuring your success before,

❑ During recession is to focus on the 3 ps of business —

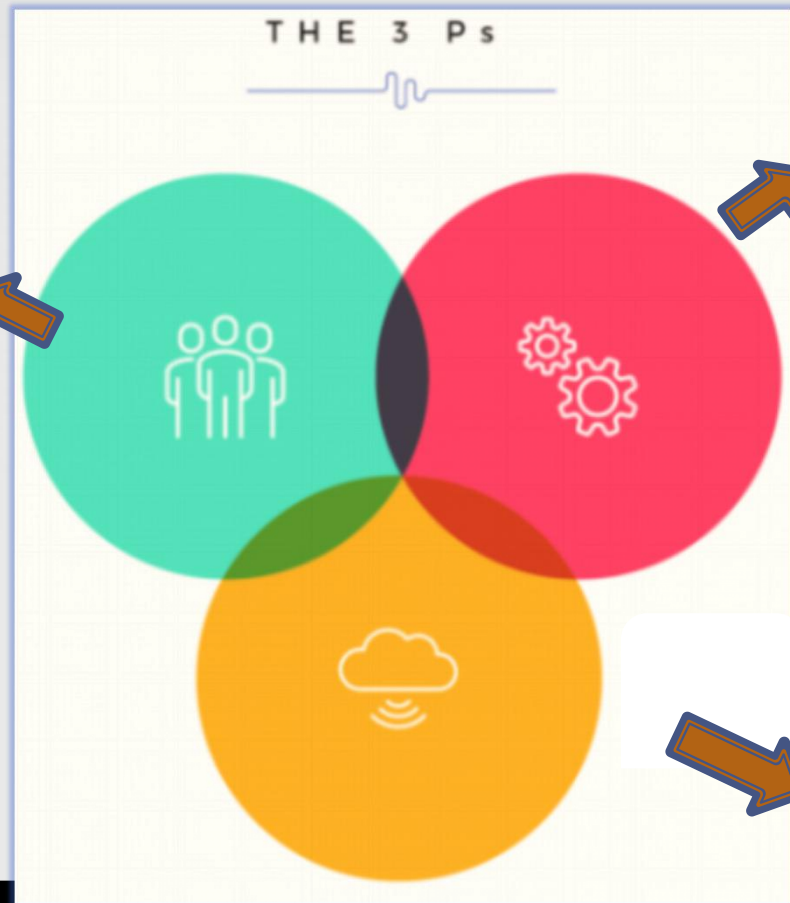
❖ People,

❖ Platforms and

❖ Processes

People:

Attract prospects, gain leads and ensure that customers become loyal advocates for your brand



Process:

The strategies and Workflows that Actually run the Engine

Platform:

Software systems Social channels and Other tools to create Efficiencies of scale

4 Strategies to Help Your Business

Recover From Coronavirus

1. Think about how coronavirus affects customers

- Think strategically about how the pandemic is affecting your customers, what is keeping them up at night and how you can help
 - ❖ Worried about supply-chain disruptions?
 - ❖ Worried about how to manage employees in an environment where everyone might need to work from home?

- ❖ Worried about travel restrictions?
- ❖ Struggling with general market uncertainty and slowdown in demand?
- ❖ Wondering how to manage their cash flow?
- ❖ Facing a shortage of key inventory or supplies driven by consumers panic-buying and stocking up?

2. Embrace new sales channels

- ❑ Even as more of the country goes into lockdown,
- ❑ Creating opportunities to serve your market via alternative sales channels

- ❑ If coronavirus is cutting down on foot traffic to your retail business,
- ❑ Look to expand your e-commerce offerings
- ❑ For example, restaurants have seen a decrease in in-store customers, so they're selling takeaway meals instead

3. Work on long-term investments in your business

- If you're in B2B sales,

- ❖ The coronavirus might be an opportunity to make some longer-term investments in your business

- If you're seeing a short-term slowdown,
 - ❖ This is the time to re-evaluate your operations, platforms and processes and do some long-term strategic planning
- If you have a few big prospects in the pipeline,
 - ❖ Now is a good occasion to put more energy into lead management and nurturing of those longer-term opportunities

4. Prepare for pent-up demand

- ❑ If you cut back too far today, you might not be positioned to capitalize on the post-crisis recovery
- ❑ But, the companies can put some good steps in place today to be positioned for bigger success tomorrow
- ❑ There are always challenges and crises affecting our businesses
- ❑ We can adapt and embrace the opportunities and bounce

3 Expert Strategies for Curbing Coronavirus-Related Business Losses

- ❑ The worldwide coronavirus outbreak threatens to disrupt operations for companies
- ❑ There's much you can't control during uncertain times like these, but you can take steps to protect your enterprise
- ❑ Following are three expert-recommended strategies to consider in helping your business survive the pandemic

1. Forecast cash flow and boost liquidity

- ❑ Create a 13-week cash flow forecast, which should be stress-tested to explore likely scenarios
- ❑ Here, you must consider your cash needs looking ahead after thoroughly reviewing fixed and variable expenses
- ❑ Concurrently, seize every opportunity to maximize cash inflow by offering cash reductions to customers and clients who pay more quickly

2. Log your liabilities

- ❑ As costs begin to pile up and losses are evaluated,
- ❑ Businesses must act now to document all impacts and losses in a clear and comprehensible manner
- ❑ Effective record-keeping can, improve your chances of getting reimbursed punctually for business insurance claims and receiving assistance

- ❑ First, establish a separate account number or charge code in your cost accounting system
- ❑ Second, calculate your company's operating "baseline" —
- ❑ Which means conducting a two- to three-year review to compare your business' performance before and during the pandemic

3. Reach out to key contacts

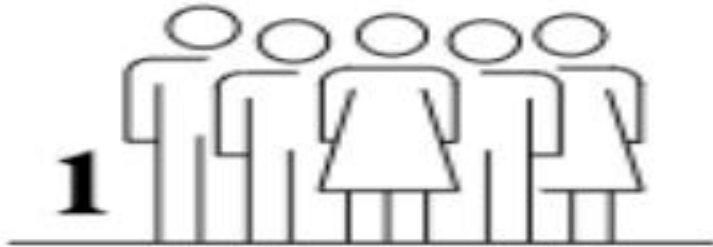
- ❑ Be proactive and call each of your key business relationships—customers, suppliers and anyone else critical to your company
- ❑ Ask how they are doing, let them know that you want to work with them to find ways for everyone to make it through the current situation and beyond

- ❑ This gesture of sincerity and goodwill is sure to be appreciated by these individuals
- ❑ In addition, "putting yourself in the other person's shoes" and demonstrating empathy and consideration during these challenging times

Beyond coronavirus: The path to the next normal

- ❑ What will it take to navigate this crisis?
- ❑ Our answer is a call to act across five stages,
- ❑ Leading from the crisis of today to the next normal that will emerge after the battle against coronavirus has been won:

Companies need to think and act across five horizons



Resolve

Address the immediate challenges that COVID-19 represents to institution's workforce, customers, technology, and business partners



Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects

3



Return

Create detailed plan to return business to scale quickly as COVID-19 situation evolves and knock-on effects become clearer

4



Reimagination

Reimagine the next normal: what a discontinuous shift looks like and implications for how institutions should reinvent

5



Reform

Be clear about how regulatory and competitive environments in industry may shift

Companies Should respond to the outbreak with five sets of actions

A Workforce protection

- | | |
|----------------------------------|--|
| Policy and management | ● Portfolio of policies and actions, including prevention and incident response |
| 2-way communication | ● Multichannel communications; confidential reporting mechanisms; source of truth |
| Personnel and contractors | ● Tiering (eg, all, some, or no work from home); infrastructure setup (eg, VPN, laptops, desktops); broadband availability |
| Facility and on-site norms | ● Staggered work shifts; spread prevention (eg, social distancing); closures |
| Health and government engagement | ● Engagement with local and federal regulators and public-health officials |

B Supply-chain stabilization

- Supplier engagement
 - Cross-tier risk transparency; supplier restart; order management; new supplier qualifications
- Inventory management
 - Critical-part identification; parts rationing; location optimization
- Production and operations
 - Operational-impact assessment; production-capacity optimization
- Demand management
 - Sales and operations SKU-level demand-signal estimates by microscenario; production and sourcing plans
- Logistics
 - Ports; logistics-capacity prebooking; route optimization

C Customer engagement

- | | |
|---------------------|--|
| B2B transparency | ● Communications to B2B customers (eg, by microsite); scenario-based risk communications |
| Customer protection | ● Spread-prevention interventions across customer journeys; customer-team training; execution monitoring |
| Customer outreach | ● Customer communications on COVID-19 practices; fact-based reports on issues; situation communications |

D Financials stress testing

- Scenario definition ● Relevant scenarios, based on latest epidemiological and economic outlooks
- Financial stress tests ● Financials, especially working-capital requirements, in different scenarios

E Nerve-center integration

- Issue map and management ● Single source of truth for issue resolution, tapping surge resources when needed
- Portfolio of actions ● Trigger-based portfolio of actions (across all work streams)
- Leadership alignment ● Alignment of leaders on scenarios; roundtable exercises