

CONFRONTING 2009

Thought Starters for Making it to 2010

A preliminary list of things to do and think about for managing your business through the recession.
Add to it as you think about other operating aspects of your business.

1. Develop a detailed cost cutting plan that achieves a certain percentage reduction by a certain date
 - a. DO NOT cut expenses by X% across the board
 - b. Vigorously monitor and enforce the plan
 - c. Consider stopping 401K contributions, moving to a shorter work week, stopping bonuses
2. Get rid of poor and mediocre performers
 - a. Do an objective and exhaustive personnel performance evaluation first
 - b. Set immediate exit dates for your poor and mediocre performers
 - c. DO NOT procrastinate...too many owners are terrible at delivering difficult news
3. Fire Unprofitable Customers
 - a. Create a Customer P & L, get rid of customers who cost you money...be blunt
4. Stop off-strategy initiatives
 - a. List all projects that are off strategy
 - b. Develop and execute a plan to unwind and stop them all
5. Set a cash flow objective and develop a plan to get there
 - a. Aggressively pursue receivables...nothing past 30/45 days
 - b. Vigorously monitor and execute the plan
6. Sell non-productive assets
 - a. Inventory old and little used equipment, put it on e-Bay
 - b. Barter with your suppliers??
7. Charge for services you currently give away
 - a. Determine where you create value and give it away
 - b. Develop pricing, training, and a sales plan
8. Keep Employees honest
 - a. Inventory "shrinkage" points in the business and monitor them
 - b. Effective dual controls in place for all cash and check writing activities
 - c. Monitor fuel, postage and office supplies in particular
9. Pass volatile commodity costs through to customers
 - a. Renegotiate contracts if necessary
10. Develop a capital adequacy and contingency plan
 - a. Meet in person with your bank and understand their financing commitments to you
 - b. Explore new/alternative sources of capital...consider partners, equity, etc
11. Negotiate new terms with suppliers
 - a. Don't underestimate the power of personal relationships
12. Create and manage a weekly operating committee meeting to implement 1-11 above
 - a. Assign accountabilities to above 11 items
 - b. Set dates for completion and hold people accountable.



STRATEGY INTERNATIONAL

At **Strategy International**, we are in the business of growing companies to increase value for their owners. Our commitment to our clients, coupled with an unparalleled breadth of services and level of involvement, sets us apart. Using innovative approaches, we partner with you to create transition throughout the organization. We focus on your staff's unique talents to optimize their performance within the context of your company's mission and strategic goals.

SI's management strategies serve the needs of senior management executives, sales personnel and customer service teams with consulting services that are time-tested in many leading companies worldwide.

Strategy International's clients say that SI consultants assist them in generating profits far beyond the investment required and therefore increase value to shareholders. SI provides time-proven methodologies that:

- Transition the management orientation to profits;
- Causes management to focus on its customers and prospects;
- Creates a sense of urgency;
- Builds teams to handle the complexity of growth; and
- Provides the communication tools to share the long view of the firm's direction.

The Strategy International Approach

- To ensure that all client engagements are efficiently and effectively executed on time and to the agreed budget.
- To develop, lead, motivate and enhance the client team and to inspire the team to be innovative and proactive in problem-solving.
- To work closely with the senior management team to add value to identify and solve problems.
- To manage and oversee all stages of the client engagement, providing excellence and industry best practices.

360° Corporate Profiling

Increasing profits through in-depth company analysis

- **Our objective is unambiguous** – to help our clients succeed, to improve competitive positions and grow businesses.
- **Our method - 360° Corporate Profiling** – is equally unambiguous. We simply tap into each client's greatest asset: *its own people and customers*.
- **Our system** includes an evaluation based upon the perceptions of the key stakeholders, answering relevant questions and analyzed according to a scientifically developed framework.

Growth Strategy Planning

Enhancing value through team thinking

- **Strategy International provides the cornerstone** upon which a business succeeds or fails. In the absence of a clear strategy, there is no alignment between the organization, its vision and market realities. At SI, we help organizations define strategies that meaningfully integrate the competitive environment with your business realities and distinctive competencies. Unlike other approaches, SI also focuses on building the necessary internal commitment to drive your company forward.
- **We use our proprietary process, "Strategy in a Box"** – a tool kit for facilitating growth planning.

Customer Satisfaction Research

Tracking performance against your customers' expectations

- **The tool we use here is talk** – Strategy International knows that by speaking directly with your customers as a third party, there can be honest dialogue on just how satisfied they really are. Through our **Customer Satisfaction Research**, we provide a tool to let you see your customer's thoughts on how you're executing against your competitors.

Succession Planning Coach

Integrated succession solutions for business owners

The Succession Planning CoachSM Process integrates these important features:

- **A thorough valuation** of the business to understand current fair market value of the business in today's market environment.
- **A review of the business** using Strategy International's proprietary Value Factor Analysis program to identify the company's strengths and weaknesses.
- **Recommendations** regarding the succession options that are most likely to accomplish the owner's objectives.
- **A personal action plan** to help the stakeholders get personally prepared for succession.

Customer Touch

Creating heightened customer management

- What we know, what statistics show, is that the cost of acquiring a new customer is generally five times greater than holding onto the one you already have.
- **Customer Touch** is designed to help you harness customer data and, from it, implement a customer relationship management (CRM) program that works. That results in a distinct competitive advantage and greater profits.

Sales Advantage

Providing prospective customer intelligence

- **The heart of our Sales Advantage system is research** – specialized intelligence gathering that focuses on a client's key prospects. Using our trademark profiling process, our analysts work with you to determine your ideal customer profile and then upload it into our system. Then we identify how that customer functions and how buying decisions are made. The **Sales Advantage**, of course, is that you are now able to react quickly in a rapidly changing marketplace.

