

# 100 Action Thought Starters for Surviving a Severe Market Downturn

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“A crisis is a terrible thing to waste,” says Warren Buffet. When the going gets tough, the tough get going on making substantive adjustments in their business so that they can SURVIVE the downturn while simultaneously getting in position to THRIVE in the inevitable upturn. What can or should you and your team DO? The following checklist, accumulated from many family-owned companies, provides ACTION-ABLE ideas to consider. They are thought starters to be discussed in more depth with your team, prioritized, and then quickly put into ACTION.

## General

1. Continuously estimate the depth (degree of severity) and length (timeline projection) of the downturn in your specific markets.
2. Plan as if the downturn is longer and harsher than you think. (from Jack Welch)
3. Install information warning signals to determine when to pull the trigger on certain actions.
4. Develop multiple scenarios based on your market projections – Revenue flat, or down 5%, 10%, 15%.....50%!
5. Waaaaaaay over-communicate!!!! - With employees, vendors, customers, bankers. (from Tom Peters)
6. Engage team in discussing list of Action options and creating others.
7. Just say NO. Make list of things to stop doing (e.g. stop reading only doom-and-gloom articles or stop non-productive meetings).
8. Instill a culture that this is a “good time” to help make the company stronger. (Difficult times are when changes can be made and most opportunities occur.)
9. Create a culture where people possess an obsession for saving money, eliminating waste, providing continuous improvement ideas, and empowering actions by all people.
10. Make your calendar one of your most strategic documents by not only scheduling meetings, but also

scheduling time for working on key issues impacting your performance in the downturn.

11. Update your SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis.
12. Play on your strengths like never before.
13. Grab opportunities that rarely come around in more “steady state” conditions.
14. Simplify your mix of product & service offerings.
15. Abandon strategies and products that don't fit your core business.

## People

16. Keep your enthusiasm up – no matter how tough. Be the LEADER.
  17. Manage By Wandering Around – WBMA – more than ever.
  18. Reduce/eliminate temps.
  19. Reduce/eliminate overtime.
  20. Move to 32-hour weeks or 4 days.
  21. Let some people go to flex-time or work from home office.
  22. Ask for voluntary time off without pay.
  23. Provide early retirement package.
  24. Request full time employees, who usually work a firm 40 hours per week, to increase 5-10 hours more per week without extra pay (as many “exempts” already do).
  25. Implement pay cuts – execs (5-10%), managers (4-8%), workers (0-5%).
  26. List every benefit provided and quantify amount company provides each employee (healthcare ins, vacation days, sick days, FICA, 401k match, etc.).
  27. Increase percentage of employee's responsibility for insurance (10-50%).
  28. Reduce/eliminate 401K matches.
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29. Freeze pension or other discretionary retirement program.
30. Thank people constantly, provide praise and recognition - more important than \$\$\$!
31. Restructure organization. Consolidate positions or roles.
32. Lure your competitor's best talent.
33. Energize team with a one-time "recession-buster" bonus that incentivizes actions to move out of the trough and into positive performance.
34. Conduct a "right people on the bus" assessment of entire workforce to determine levels of work ethic and productivity of each person.
35. Train more people on product offerings, processes and problem solving techniques.
36. Reduce board fees.
37. Reconstitute your board with new members.

#### Financial

38. Strengthen banker relationships - Meet with banker(s) and discuss current arrangements/ covenants, and other possible changes.
39. Increase depth of analysis from current CFO, accounting firm, or outside professional. ("A good CFO will pay for him/herself in 6 months!")
40. Conduct cash flow analysis at least weekly using different assumptions.
41. Conduct a CASH audit - review bank statements and trace each check back to what it was used for.
42. Check payroll register for base pay, overtime, other payments.
43. Sign every outgoing check and review attached invoices for possible changes.
44. Improve order-to-cash cycle by sending out invoices as soon as possible, not waiting for end of week or other set time for batching.
45. Call every account that has not paid greater than 30 days.
46. Adhere to strict payable schedule. No early payments.
47. Reduce/eliminate dividends and shareholder distributions.

48. Review any whole life insurance that could be cashed in.
49. Use a letter called "Demand for Adequate Assurance of Future Performance" for very high risk customers (e.g. auto mfgers).
50. Develop new metrics and visible management tools that keep focus on cash (e.g. order-to-cash cycle chart).
51. Sell assets you have not used in last 3-5 years - equipment, furniture, inventory, etc. (Try E-Bay)

#### Purchases

52. Run a pareto analysis of all purchases to know which items have the most impact.
53. Seek better terms from largest key vendors (e.g. move from 30 to 60 days).
54. Collaborate with key vendors; evaluate alternative materials, freight reduction.
55. Reduce outside professional fees to very basics.
56. Seek shorter delivery times from vendors to keep inventory down.
57. Audit inventory and reduce slow moving, obsolete items with special sale, return to vendor or dispose.
58. Defer capital expenditures. Purchase essentials (repair & maintenance) AND invest in selective developments for new services, products, channels.

#### Manufacturing

59. Aggressively apply LEAN concepts on shop floor. Seek perfection.
  60. Review Shingo Award assessment list ([www.shingoprize.org](http://www.shingoprize.org)) for areas of improvement to world-class status.
  61. Eliminate the 8 wastes of Lean: overproduction, motion, inventory, waiting, transportation, defects, underutilized people, extra processing.
  62. Freshen up space using principles of 5S, Visual displays.
  63. Conduct more Kaizen improvement events, utilizing techniques of value stream mapping, quick change-over, level loading, flow value, etc.
  64. Close operations during long holidays.
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## Facilities

65. Consolidate departments within each facility.
66. Consolidate plants.
67. Reduce temperature settings.
68. Increase use of energy efficient practices (e.g. replace expensive lighting).
69. Renegotiate leases.

## Marketing & Promotion

70. DO NOT stop marketing and selling efforts, but adjust approach.
71. Continue to participate in tradeshow with lower costs – smaller booth space, less glitzy, more product information.
72. Review all promotion activities and focus more on targeted promotions versus general promotions.
73. Use the digital world more for promotions – e-mail blasts, website e-commerce.
74. Search for new niche markets for your products and service.
75. Shift focus to offering more service and refurbishing business versus new capital goods purchases.

## Sales

76. Work the phones; keep working the phones.
77. Show up; keep showing up.
78. Close sales offices and move sales people to home offices.
79. Visit all major customers – thank for business, seek input on outlook, discuss needs of your products, services and any opportunities.
80. Ask customers where your company can save their company money.
81. Make 3-4 sales calls to non-traditional customer base.
82. Sell into markets that are growing and have money – healthcare, government, affluent families.
83. Extend the geographic boundaries of sales efforts with use of internet.

## Pricing

84. Cut pricing when up against vulnerable competitor to drive competitor out of market and pick up accounts.
85. Increase pricing if in niche markets with limited competition.
86. Implement a fuel surcharge.
87. Implement an environmental surcharge (for trash, recycling, hazardous waste handling, green material usage, etc.).
88. Use “change orders” more regularly to capture the change in scope of projects.

## New Business Development

89. Seek lower-priced, fire-sale acquisition opportunities, particularly those where the seller may provide the financing or take an earn-out.
90. Seek acquisition opportunities where the companies are smaller, less adaptable, less capitalized or less well-managed.
91. Acquire selected assets from liquidated businesses (equipment) or competitors (customer lists).
92. Attack vulnerable competitors by extending longer terms to prospects that you have never been able to reach in past.
93. Conduct an idea generation session with key employees, customers, vendors for new products, new services, new channels, and new markets.
94. Analyze sales and profitability of each product offering and prune non-strategic, low profit products.

## Office / Admin

95. Apply LEAN concepts, including the 8 wastes, in the office.
96. Outsource some activities – payroll, IT, etc.
97. Seek other companies to share services in IT or HR.
98. Increase use of technology – move quicker to on-line ordering, tracking, shipping.
99. Reduce the number of computer hardware and software license fees.
100. Use industry statistics to move to lowest % of office employees to total employees.