



Management Objectives™

PHASE B - ACCELERATING GROWTH

- Ensure quality control keeps pace with increasing volume
- Invest in workforce development: Hiring, Training, Retention
- Ensure you have the right price escalator; space out price increases
- Maximize your profit margins through differentiation; stand out from the crowd and set yourself apart
- Use improved cash flow to strategically position the business to beat the business cycle
- Expand credit to customers
- Improve corporate governance (Rent a CFO, establish a board of advisors, or board of directors)
- Communicate competitive advantages; build the brand
- Query users for what they want and what is important to them
- Sell business in climate of maximum goodwill

PHASE A - RECOVERY

- Scrupulously evaluate the supply chain
- Positive leadership modeling (culture turns to behavior)
- Start to phase out marginal opportunities (products, processes, people); repair margins
- Perform due diligence on customers and extend credit
- Be on good terms with a banker; you will need the cash more now than in any other phase
- Invest in customer market research; know what they value and market/price accordingly
- Hire key people and implement company wide training programs ahead of Phase B
- Allocate additional resources to sales and marketing
- Invest in system/process efficiencies
- Make opportunistic capital and business acquisitions; use pessimism to your advantage

PHASE C - SLOWING GROWTH

- Know if your markets are headed for a soft landing or a hard landing
- Cash is king, beware of unwarranted optimism
- Stay on top of aging receivables
- Revisit capital expenditure plans
- Lose the losers: if established business segments are not profitable during this phase, eliminate them
- Use competitive pricing to manage your backlog through the coming slowdown
- Avoid committing yourself to long-term expenses at the top of the price cycle, but lock in revenue
- Go entrepreneurial and/or counter-cyclical
- Evaluate your vendors for financial strength; if needed look for additional vendors as a safety net
- If the cycle looks recessionary, cross train key people to prepare for workforce attrition/reduction

PHASE D - RECESSION

- Implement aggressive cost cutting measures
- Offer alternative products with a lower cost basis
- Perform due diligence on acquisitions while valuations are falling
- Reduce advertising as consumers become more price conscious
- Enter or renegotiate long-term leases
- Negotiate labor contracts
- Consider capital equipment needs for the next cycle
- Tighten credit policies
- Develop programs for advertising, training, and marketing to implement in Phase A
- Lead with optimism, remembering that Phase D is temporary