

# IMMEDIATE ACTION & ATTITUDES TO NAVIGATE THROUGH THE CRISIS

The need to ensure survivability is paramount in today's climate, and reviewing various aspects of a business becomes more urgent and is a good start. Businesses that subject themselves to a rigorous examination and are prepared to adapt their business and corporate models may uncover interesting opportunities in today's environment. Small and medium Enterprises (SMEs) especially are able to enjoy the advantages of "small is beautiful" – in being nimble and lean – to react to changing tides, and stay afloat.

To ride the storm, we suggest SMEs perform a systematic review of their businesses. We share here seven key aspects which you may take your business through in your review, and three winning attitudes that your business may adopt to navigate through the crisis.

## 2 REVENUE MODELLING

Using the 80/20 rule, chief executives need to study what accounts yield the most profits and refocus their resources on them.

Revisit and strengthen relationships with their key suppliers and customers. In good times it might seem like a good strategy to provide services even to loss-making accounts for the sake of market presence. In a recession, however, survival is key.

If you need to support customers, consider implicit price reductions, such as extra items bundled at no additional cost, or source for more affordable models to meet customers' needs. Revenue and margins may be eroded but the relationship gained in a recession could be invaluable in the long term.

## 4 FUNDING STRUCTURE

When companies have a potentially lucrative project but no financing to lubricate the development to fruition, it could be useful to consider alternative financing routes. Explore the possibilities of profit and risk-sharing joint ventures and collaborations, where partnering parties each has complementary resources to execute the project. Weigh up the possibility of consolidation by merging with friendly competitors in a weak economy for vertical integration, to enhance market share and to enjoy better economies of scale.

## 6 BUSINESS PROCESS RE-ENGINEERING

In good times, businesses have higher threshold for inefficiencies and wastages. In a slow economy, it is crucial to streamline work processes and operating structures to eliminate wastages and duplication. Find innovative ways of delivering the output in a more cost-effective manner without compromising your fundamental values and qualities. Tap on government assistance schemes to help your firm gain capabilities.



### { REVENUE MODELLING }

Identify where real money comes from. Nurture that 20% of your business that gives 80% of your profits and cashflow.



### { FUNDING STRUCTURE }

Maintain a balanced mix of funding. Reduce financial risk; manage and match financial needs of business to appropriate funding.



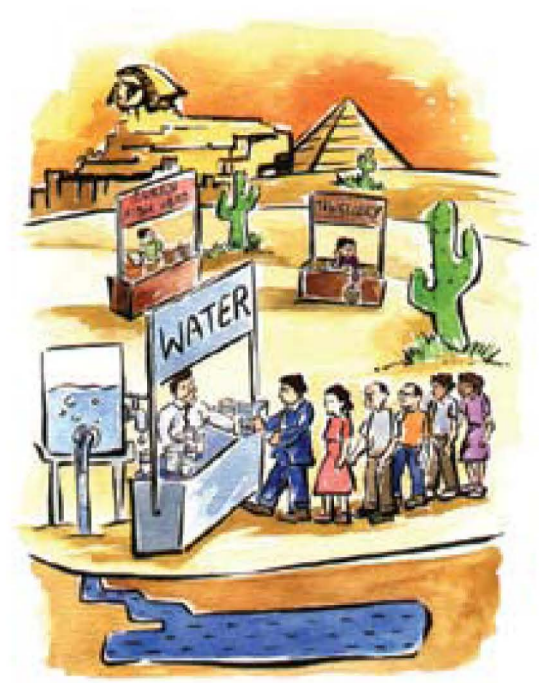
### { BUSINESS PROCESS RE-ENGINEERING }

Sharpen your competitive edge.

Streamline work process, redesign work, innovate, be a step ahead of your competitors.

## 1 BUSINESS MODELLING

Review if you need to re-define your business model and value proposition. To gain insights into your business, understanding the operating environment is imperative. Monitor your competitors – if they are cutting back on marketing expenditures, seriously consider doing the reverse. Emphasise benefits and returns on the product; reassess your marketing methods to ensure they are the most cost effective.



### { BUSINESS MODELLING }

Focus on core competence & value to customers. Do what you are good at and what your customers lack. Constantly review your value proposition and competitive edge.

## 3 CAPACITY MANAGEMENT

It is bargains galore in a weak economy. Stronger companies may find that it is a good time to commit capital expenditure, taking advantage of the low demand for machinery or liquidation sales. Those who need to replace old machinery may also consider purchasing refurbished assets instead of brand new ones.

Companies may also consider renting out excess capacity. Conversely, if a company has the fortunate position of requiring additional capacity, they can look to lease from businesses that have excess capacity instead of an outright purchase of big-ticket items.



### { CAPACITY MANAGEMENT }

Optimise your resources to achieve your aim. It's a game plan of allocating your resources to meet your objectives.

## 5 MANAGEMENT STRUCTURE

A downturn presents opportunities for strong companies to strengthen their HR capabilities. This includes hiring of talented leaders caught in corporate downsizing. Businesses that take care of the jobs and livelihood of employees and have employees who understand that they are responsible for the company's performance are the ones that will enjoy strong competitive advantages when the upswing comes. If a layoff is inevitable, bear in mind that skilful management of the downsizing process is important to maintain the company's image and the morale of its employees.



### { MANAGEMENT STRUCTURE }

Have in place a team whom you can count on.

To build a business, you have to build men. - Harry Simmons

## 7 KEY PERFORMANCE INDICATORS (KPIs)

In a downturn, businesses cannot afford to manage by gut-feel. Facts and figures don't lie and it is imperative for businesses to watch their KPIs closely and act proactively to conserve cash. Your ability to improve liquidity by sound management of working capital and gearing, as well as the maximisation of assets turnover, are keys to longer term survival and growth of the business.



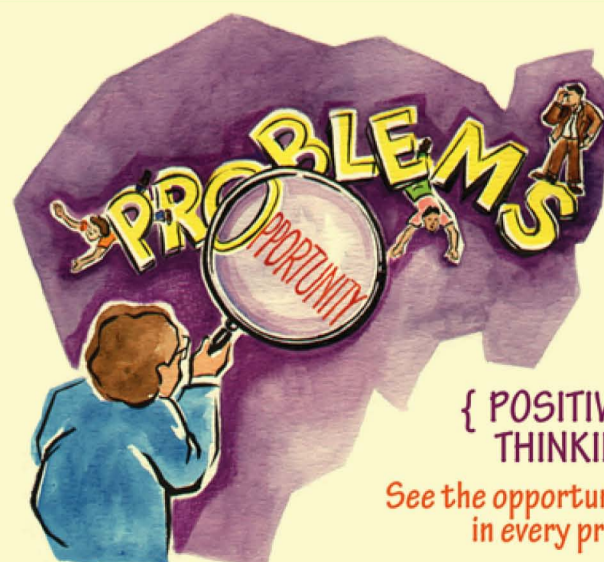
### { ESTABLISHMENT OF KPIs }

What you can't measure, you can't manage.

Keep your fingers on the pulse of your business - use Key Performance Indicators (KPIs) to track the performance of your business.

## WINNING ATTITUDES

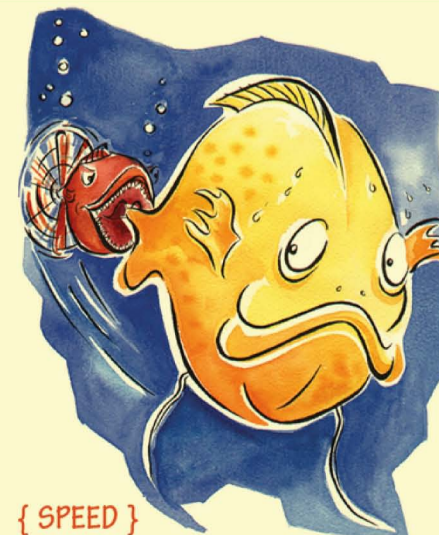
A downturn is never welcome nor easy on businesses. A business that adopts what we term as winning attitudes, coupled with proactive action to review and adapt, will be in a position to tap unique opportunities not available in a booming economy to navigate through the crisis and possibly even gear up to greater heights.



### { POSITIVE THINKING }

See the opportunity in every problem

Small opportunities are often the beginning of great enterprises. - Demosthenes



### { SPEED }

It's not the BIG that eat the SMALL. ... it's the FAST that eat the SLOW

Stay agile; adjust and adapt swiftly, always.



### { CASH IS KING }

Turnover is Vanity, Profit is Sanity, Cash is Reality.

It is nice to look smart and good but at the end of the day, it is cash that pays.