

# Planning, Preparing and Executing for the Next Recession



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# Traits of a Recession

## Definition

- Two consecutive quarters of negative GDP growth

## Example causes

- Financial panic – 2007 - 08
- Decline in expectations – 2000 dot-com bubble
- Others included rising oil prices and large company fraud

## Why does it affect so many?

- Multiplier effect
- Demand and revenues falling,
- Uncertainty rising,
- People losing jobs, homes, et al.

# Why Be Concerned Now?

## Proving factors

- China tariffs
- Declining GDP
- Yield Curve Inversion
- Fed decreasing interest rates
- European economic slowdown
- Rally in Gold and Silver
- Banks Prognostication
- Possible War with Iran
- Foreign Currency & Commodity Weakness

## Denying factors

- Low unemployment, Feeling of prosperity, Backlogs
- Scares people, Will become inevitable, Australian experience



# Why Be Concerned Now? Yield Curve Inversion

## 10-Year Treasury Rate Minus Two-Year Rate



[www.stansberryresearch.com](http://www.stansberryresearch.com)

# Why Be Concerned Now? Confused Yet??



# Planning and Preparing Challenge / Update Your Strategic Plan

- Have none, develop one
- Fits with all operations?
- Is Market mix right?
- Focus on profit making services
- Engage Project Management



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# Planning and Preparing Strengthen Client Relationships



- Why clients should stay with you?
- How will your clients be impacted?
- How can I help my clients thrive?
- How do I strengthen my relationships?
- Make working with you easier.
- Engage Project Management

# Planning and Preparing

## Determine Ways to Increase Cash

- Strengthen your bank relationships
- Reduce debt if highly leveraged
- Challenge billing and collecting
- Implement electronic billing
- Engage Project Management



# Planning and Preparing

## Assess / Understand Financial Structure

- 70% of costs are labor related
- Expect layoffs – Force rank now
- Reduce discretionary overhead now
- Challenge office locations and reduce
- Engage Project Management



# Planning and Preparing

## Understand Impact of Your Culture

- Will it support needed changes?
- How will it fight changes?
- Will it paralyze you?
- Remember:



“Culture Eats Strategy for Lunch”

# Executing When the Recession Is Here

## Survival May Depend on Your Execution

## Communicate More than Ever

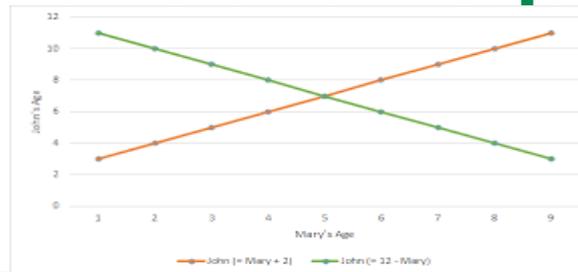
- Your people will think more negative things than you can possibly share/do.
- Let them know why you are doing what you are doing.
- Show them you care.



# Executing When the Recession Is Here

## Believe declining/disappearing Backlog

- This is the reality of a recession.
- Execute staffing changes, as planned.
- Do not rely on BD to overcome
- BD's projections are frequently too optimistic.



# Executing When the Recession Is Here

## Believe metrics & make difficult decisions

- Make deep, not small, cuts in labor.
- Several small cuts will undermine you.
- Leaders wish they had done sooner.
- Lead with strength, not reactive or panic
- Be prepared for push back – “You can’t cut your way to success” statements

# Executing When the Recession Is Here

## Maintain close control of BD

- Strengthen Go No/Go process
- Challenge too much optimism
- Don't stop BD spending, but do wisely
- Challenge reporting – too optimistic??
- Be prepared to do “cheerleading”
- Promote Never, Never ..... Give-Up!



# Executing When the Recession Is Here

## Improve Customer Service

- Starts / Ends with PMs
- Ask for additional work
- Principal visits and involvement
- Spend more time with customers
- Show you care – ask for feedback



# Executing When the Recession Is Here

- **Be honest and direct**
- **Adapt and get creative**
- **If possible, take advantage of technology, cheaper lease space, talent and M & A**
- **Challenge all capital expenditures**
- **Keep communicating – True open door policy is more important than ever!**



# Planning, Preparing and Executing

- **Our industry trails economy 6-12 months**
- **Do before it's here. If not, may be too late**
- **The best make hard decisions and benefit**
- **The best will positively differentiate and become better.**
- **Good, Bad and Ugly at**

