



Welcome to Our Spring Education Series

RESILIENCE

PREPARING FOR THE NEXT DOWNTURN

*Helping you and your clients confront risk
and optimize business performance!*

While you wait for the presentation to begin, use the chat button at the bottom of your screen and share your name, location, weather, or anything else.

Tuesday, April 28, 2020

Planning, Preparing and Executing for the Looming Recession



Presenter

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Principal
Lee James & Associates



Moderator

Joel G. Carson
Executive Director
Geoprofessional Business Association

Planning, Preparing and Executing for the Looming Recession



Lee James, CPA, CMC, CBI

Traits of a Downturn / 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 frauds

Missing is a Pandemic such as Coronavirus

Why does it affect so many?

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



Questions Presented on October 5, 2020

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

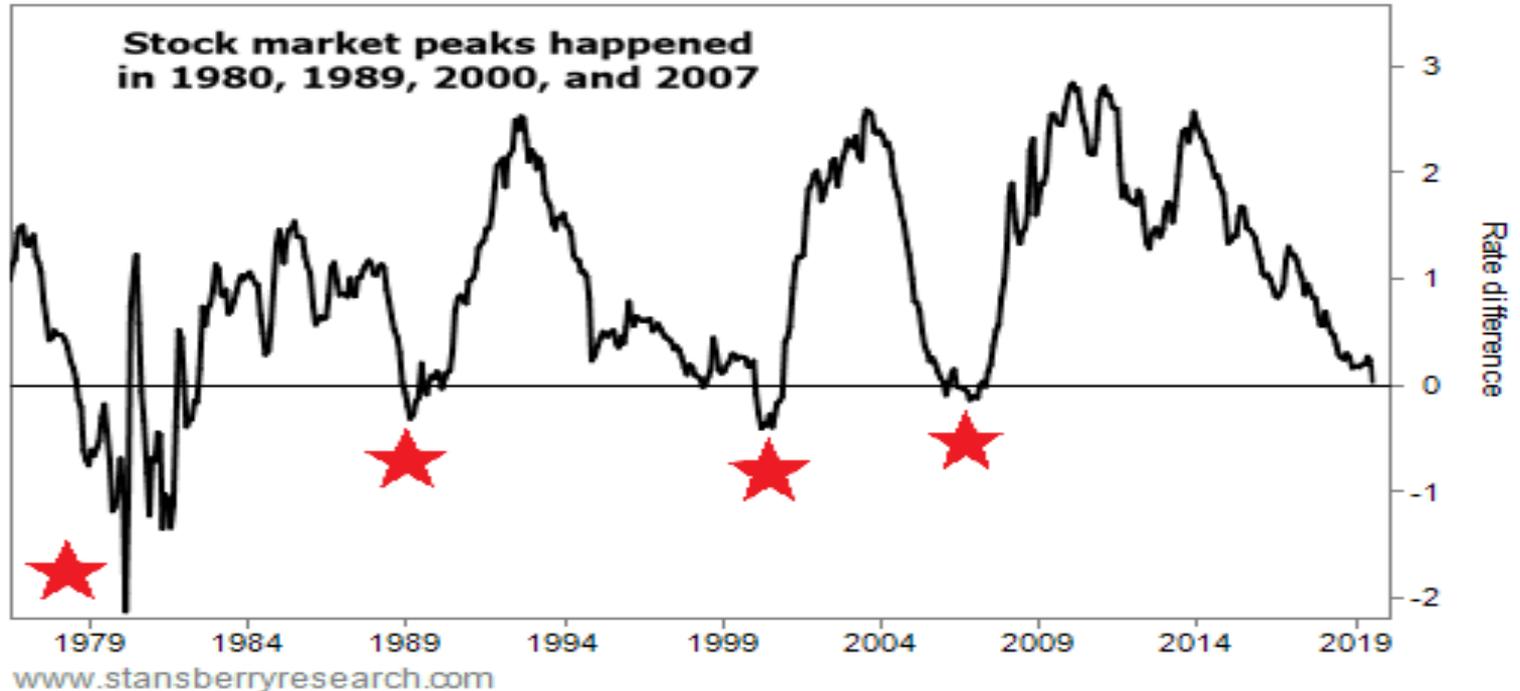
- Low unemployment, feeling of prosperity, increasing backlogs
- Much cash still held by investors, Australian experience



Why Be Concerned Now?

Yield Curve Inversion Concern as of 10/5/20

10-Year Treasury Rate Minus Two-Year Rate



Irrelevant in 6 months

Expert Opinions – *March 2021 for Next Recession*



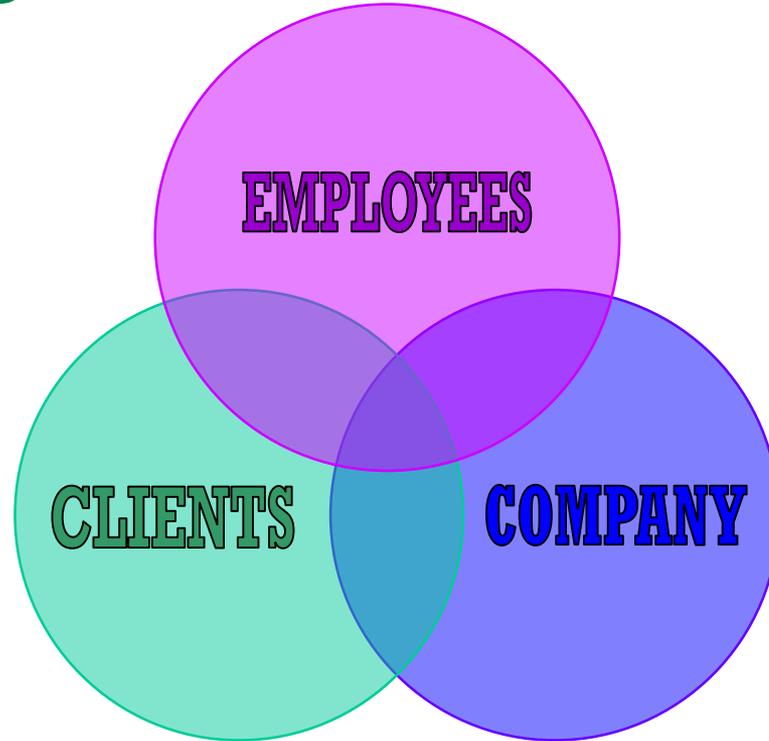
NOW - This Data Is Irrelevant

Unemployment Change as of mid-March



We Are in a Recession

Balancing the Business of Engineering



Balancing Decisions During a Recession?

Planning and Preparing *Or Reacting* 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 *or Reacting*

Determine Ways to Increase Cash

- Strengthen your bank relationships
- Reduce debt; if highly leveraged
- Challenge billing and collecting
- Implement electronic billing
- *Paycheck Protection Program*
- Engage Project Management



Planning and Preparing *or Reacting*

Assess / Understand Financial Structure

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



Planning and Preparing *or Reacting*

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”

- *Develop approach to overcome - now*

Executing *Is Now Everything*

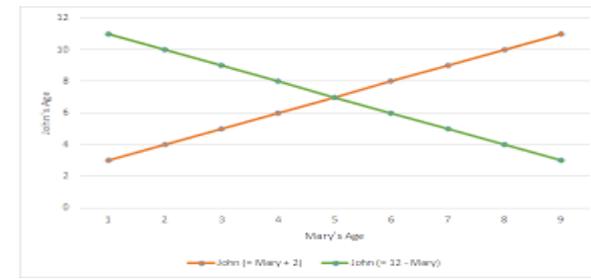
Success Will Depend on Execution

Communicate – More and Better

- 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



Believe declining/disappearing Backlog

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

Executing

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

Understand and Manage BD

- ***Strengthen Go No/Go process***
- ***Challenge too much optimism***
- ***Continue BD spending, and do wisely***
- ***Challenge reporting – too optimistic??***
- ***Be prepared to do “cheerleading”***
- ***Promote Never, Never Give-Up!***



Executing – *with Optimism and Courage*

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



Planning, Preparing and Executing

- **Whether Downturn, Recession or NOT**
 - *Do NOW and continue doing*
- *The best make hard decisions and benefit*
- *The best never stop differentiating and improving.*
 - They win market share in all economies
- *Ask for help from grizzled GBA veterans*



Questions?

Surveys & PDHs

- After the webinar, registered participants for this “live” presentation will receive an e-mail with a short survey to complete and a certificate for Professional Development Hours (PDHs).
- This presentation will be placed on GBA’s website for on-demand viewing.
** PDHs are not available for on-demand viewing.*

Upcoming Webinars

- **Wednesday, April 29th 12:00PM - 1:30PM Eastern**
Negotiate It! How to Crush Your Fears, Develop Your Negotiation Muscle, and Gain Power in the Workplace
Lynn Price, J.D.
- **Thursday, April 30th 12:00PM - 1:30PM Eastern**
Recession Tune-up (Overhaul)
Guy Marcozzi, P.E., LEED AP BD+C, F.ASCE
- **Friday, May 1st 12:00PM - 1:30PM Eastern**
Gripped by COVID-19 - An Economic and Geopolitical Outlook Past the Media Headlines
Bernard Baumohl

www.geoprofessional.org/event/gba-2020-virtual-spring-conference-and-education-series/

October 2019

GBA BUSINESS BRIEF

Preparing for the Next Recession Now

U.S. economic history is punctuated by recessions. The 2008-2009 recession was the United States' worst economic downturn since the 1930s and is now remembered as "the Great Recession." Nonetheless, some geoprofessional firms avoided major loss of profit; a few even thrived. But those that were not prepared - those that simply hoped for the best - experienced extremely negative impacts.

Those that were not prepared experienced extremely negative impacts.

Non-economists know when the next recession will arrive, but most economists agree that another recession is certain. Most also agree that we're closer to the next recession than the last one. What does that mean for geoprofessionals?

History suggests that a recession affects the general economy by six to twelve months before the consulting-engineering industry is affected. Accordingly, if history repeats - as it often does - consulting-engineering firms leaders would have little excuse for not seeing a recession on the way and failing to take appropriate, proactive measures.

Are you preparing to prepare, or just hoping for the best?

PREPARE FOR THE NEXT RECESSION NOW
Be ready for the next recession by preparing now, while you still have the luxury of time. Consider implementing some of the following measures.

Create or Update Your Strategic Plan
If you already have a strategic plan in place, when was the last time you reviewed, challenged, and updated it? Now is the time to analyze the plan, ensure the conditions you considered when you established or last updated it still apply, integrate new ideas linked to present conditions and possible future conditions, and prepare your financials and your culture for any needed changes.

Ask yourself if your market mix is viable in a declining/recessionary economy. If you are not appropriately diversified in markets, services, and geography, begin making the needed

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50th GBA NEWSlog

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GBA NEWS

GBA Director Spotlight — Ken Johnston (GZA GeoEnvironmental)

Volunteers that serve on the GBA Board of Directors dedicate significant time and energy providing leadership to our Association. Not all our Board Members take the same path to leadership. In this spotlight, read about Ken Johnston's path to leadership as he took a road less traveled.

Read about Ken Johnston's road less traveled:

READ MORE

2020 Virtual Spring Conference

Although we are not meeting in Florida for our 2020 Spring Conference, the show is ready to deliver, important elements of the Conference virtually including Committee Meetings, the Annual Business Meeting, and conference presentations by noted experts, authors, and leaders.

Business Meeting
GBA will host its annual Business Meeting during which our current President Arthur G. Hoffmann, P.E., D.G.E. and our President-Elect Kenneth R. Johnston will share their thoughts on GBA and its role in helping members manage risk and optimize performance during these challenging times. This is also the time where we officially elect and transition to our new Board of Directors.

Please plan on attending this important meeting on Friday, April 24, 2020 at 2:00 PM Eastern Time.

Register Now for this meeting: **Annual Business Meeting**

Peer Groups Provide Support in Troubled Times

GBA Peer Review Committee
GBA's Peer Review program has for decades provided member firms the business perspective they need in times of relative normality. In the fall of 2018, GBA's Peer Review Committee launched a related program (Peer Groups) designed to provide continuity and sustain a network for confidential peer perspective on business best practices among participants. The first Peer Group (5 executives from firms with little competitive overlap) was launched and remains engaged, especially



GBA GEOPROFESSIONAL BUSINESS ASSOCIATION

CASE HISTORY 67

NUMBER

PROJECT MANAGEMENT

The Client

A contractor in-charge

The Project

A one-story, light-manufacturing building

Assignment of the GBA-Member Firm

Perform a geotechnical-engineering study to evaluate subgrade soil conditions for floor slab support and perform soil-fill compaction testing during grading.

Background

A development company retained the GBA-Member Firm to perform a geotechnical-engineering study for a 100-acre site intended for use as an industrial park. As part of the study, the Member Firm advanced geotechnical borings at locations throughout the site and performed laboratory testing on soil samples from the borings. The firm

Testing indicated that some of the site soils were highly plastic, the Member Firm's project manager noted this condition in her report.

also advanced borings at specific building sites. Testing indicated that some of the site soils were highly plastic and so could exhibit significant shrink/swell characteristics in response to changes in their moisture content. The Member Firm's project manager noted this condition in her report and advised that special requirements would have to be met for building construction. Grading at the building sites required both excavation and fill placement.

Five months later, the development company retained the Member Firm again, this time to provide construction-materials engineering and testing (COMET) services: observe grading and perform concrete construction-included the building shell only; the floor slab would be constructed later to meet the needs of the eventual occupant.

testing during construction of foundations for a speculative, one-story light-industrial building. Construction included the building shell only; the floor slab would be constructed later to meet the needs of the eventual occupant.

A manufacturer purchased the building shell about 3 years later and hired a con-

structor-in-charge to complete building construction. The manufacturer required a minimum modulus-of-subgrade reaction, k_s , of 200 pci for the building's floor slab. Noting that some of the subgrade soils exhibited significant tension cracks, some as deep as 5 feet, the contractor-in-charge contacted the Member Firm, seeking its opinion about the soil's suitability to achieve a k_s of 200 pci.

The Member Firm assigned a project manager who had not been involved with the services previously performed for the development company. The project manager

The Member Firm assigned a project manager who had not been involved with the services previously performed.

prepared a plate load test proposal whose general conditions included a provision fitting the Member Firm's professional-negligence liability to \$50,000 or the fee, whichever was higher. The contractor-in-charge signed the proposal and the Member Firm conducted the test.

Results of the plate load test indicated a k_s of 150 pci, requiring the floor slab's thickness to be increased to 10 inches in some areas. The Member Firm's project manager noted in his report that desiccation caused the tension cracks that contractor-in-charge personnel had observed. He recommended that the soils, to be acceptable, should be reworked and recompacted (no depth indicated) and that the contractor-in-charge should place a layer of crushed stone over the exposed subgrade soils to help reduce drying. The project manager also wrote that he had had the plate load test performed in areas where the soils had been scarified, moistened, and recompacted specifically for the test.

The contractor-in-charge accepted the Member Firm's report and then retained

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Future GBA Conferences

GBA FALL CONFERENCE / OCTOBER 22-24, 2020

MINNEAPOLIS

HYATT REGENCY
MINNEAPOLIS HOTEL



GBA SPRING CONFERENCE / APRIL 22-25, 2021

SAN DIEGO

MARRIOTT MARQUIS / SAN DIEGO MARINA



GBA FALL CONFERENCE / OCTOBER 21-23, 2021

HENDERSON, NV

WESTIN LAKE LAS VEGAS RESORT & SPA / NEVADA



Learn more at
www.geoprofessional.org

Thank You for Joining Our
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PREPARING FOR THE NEXT DOWNTURN

