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Be Prepared for a Economic Recovery

The Wall Street Journal and other news sources are starting to talk about a bottoming process, implying that an economic recovery will be forthcoming. Although I wouldn't bet \$1 on this occurrence, I would invest far more than a dollar on the critical need to be prepared for an economic recovery. After all, it is likely we'll have spurts and bumps along the way, and you need to be prepared to take advantage of any recovery timeframes. Consider these facts: during the first quarter, the U.S. gross domestic product (GDP) fell by slightly more than 6%; however, Japan's GDP fell by 15%, Europe's GDP fell by almost 10%, and Mexico's was dismal. Therefore, there is bound to be opportunities in comparison, which is likely to at least create a period of recovery - no matter how short, be prepared!

In my experience, most leaders are so relieved that an economic recovery is beginning that they relax and completely forget to prepare for success. This could be your single largest opportunity in the next 10 years - don't wait for sales to begin to creep up and miss your opportunity; begin preparations NOW. With that said, there can be a fine line between preparing for recovery and creating a path to disaster by overspending into a cash crisis. There are several steps that will lead to success. Three of the most important are the following: 1) Flexibility, 2) Plan, plan, and plan. 3) Remember liquidity

1. **Flexibility:** Although flexibility is always one of the keys to success, there is no more important time to focus on flexibility than when preparing for a recovery. Create flexibility in all your core business processes. When the recovery gets underway, it is amazing how you can go from bust to boom in a matter of days or weeks. If you are unable to keep up with demand, you have lost your opportunity. In this case, the competition that is prepared will steal your customers, and it is possible they will never return. In my experience, once you lose a customer, the only way to get them back is not only through a continual demonstration that you've resolved whatever issues caused the initial loss but also typically through a dramatic reduction in price. No one wants this outcome! So, how do you create flexibility? Here is a manufacturing example: create flexibility within your operations. There are several ways to accomplish this goal - utilize temps to flex with demand, focus on cross-training while in the downturn, find low-cost yet creative upgrades to equipment which will support a quicker ramp-up when needed, focus significant attention on preventative maintenance while volumes are down, and keep (and value) your most skilled employees. Yes, several of these suggestions fly in the face of conventional wisdom of "cutting to the bone" and "spending no money" while in the downturn. Be a bit contrarian - spend the \$1 and keep your best talent (even if they are performing roles two levels below their pay grade). It is a small investment that will pay back in spades down-the-line.
2. **Plan, plan, and plan:** It costs close to \$0 to plan. Instead of fretting about the current conditions in a non-productive manner, bring your people together. Face reality. Plan for the recovery. Brainstorm what can be done without spending significant money or resources. Put those actions into place immediately. Develop detailed action plans for various recovery scenarios. Include your key suppliers, carriers and other business partners. Then, when the recovery begins to occur, you'll be prepared - you'll just follow the plan while your competition is in chaos.

3. Remember liquidity: Available cash is required for a significant ramp up in volume. Plan for it in advance. As liquidity is scarce in turbulent economic times, you cannot afford to wait. Pursue the typical and creative sources of financing. Remember cash is king.

Being prepared for success sounds silly but is often overlooked. Stand out in the crowd and be one of the few prepared to take advantage of the recovery. You'll grow your business and profitability to a far greater level than you had before the downturn.

Lisa's Tips: Brainstorming

In today's economy, it is my contention that relationships and community are elevated in importance. You are not as effective alone as you are brainstorming with a trusted friend, advisor or team.

1. Fail - this sounds outrageous; however, I have never seen a highly successful person that hasn't failed. If you aren't failing, you aren't pushing the envelope enough. And, I find that it gives you an excuse to have a positive outlook when you do fail - give it a try.
2. Feedback - part of brainstorming is opening up for feedback. As a friend said, it can be much easier to give than receive feedback; however, it has been one of my top 3 keys to success.
3. Trust - it is bedrock to effective brainstorming. Develop and value trust, as it is essential to creating a valuable exchange of ideas.
4. Throw out ideas - don't worry about whether your ideas are "perfect". Just throw out what comes to mind. It is likely you'll have a gem or two in the mix. And it will spur the brainstorm.
5. Be in the moment - it is difficult to have an effective brainstorming session if you are distracted. It sounds obvious, right? But I found myself doing it just this week - life is full of distractions. Practice focusing solely on the conversation.
6. Diversity - encourage diversity of participants, ideas etc. It can give the brainstorming process a boost.

Recommended Reading

"[Outliers: The Story of Success](#)" by Malcolm Gladwell - a thought provoking, fascinating book on why some people succeed far more than others. I found it to have interesting insights not only on why success occurs but it also provides ideas on how to create success. Who couldn't use a dose of success?

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