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This document explores economic advantages that could be gained by realigning the strategies and structure of our companies. Today’s economic climate and the business environment in which we find ourselves can be quite daunting for even the most battle hardened executives. The past several months have got many company executives
thinking survival strategies instead of looking for opportunities amidst the chaos. Today’s uncertain climate has created new professional and personal challenges for us all. So I think instead of worrying about the future we ought to be preparing for it and that means establishing a solid business model. To that end I am suggesting twenty basic strategies to deal with the current conditions and to position our companies for the recovery to come. I refer to them as suggestions as opposed to advice because I have always thought that when it comes to advice, the wise don’t need it and the fools won’t take it.

In recent years when the economy was growing exponentially companies created bold and optimistic business plans without any thought given to the possibility of an economic downturn of this magnitude. Did we forget that recessions happen regularly on average every 8 to 9 years? In good times even marginal or poorly managed firms can be successful but these are not good times- they are tough times, and they are predicted to get even tougher. But I believe tough times present opportunities. The companies that will not only survive but thrive during these economic downturns are the ones who have well developed internal business structures, who stay focused on their business strategies, and execute them well. These are the companies that will be well positioned for the recovery when it comes. The companies who have poor internal business structures and business strategies, make bad knee-jerk decisions and have weak execution are not likely to survive. The adversity we face is unpleasant, but sometimes these situations teach us lessons that cannot be learned in any other way.

1. **First and foremost we need to face and accept the facts.** Company decisions must be based on documented reliable facts. But getting the facts is only half the job. The other half is to use them intelligently. Several thousand companies will fail during a recession and wishful thinking and hiding our head in the sand is a good way to become one of them. It is critical to have a crystal clear focus and understanding of the facts, the challenges they represent, and the strategies needed to meet them. Facts mean nothing unless they are correctly understood, correctly related and correctly interpreted. Too many company executives focus on short term tactical issues and do not think strategically about market opportunities. A lot of these individuals don’t know what they are doing,---and some of them are really good at it. These executives are like blind men groping in a dark room for a black cat that isn’t there. The ones who think strategically are the companies that will continue to be in control of their market areas and succeed and even grow through the downturn. These executives know the difference between the things we can and cannot control. We cannot control the economy, political events, wars, the price of gas, interest rates and our competitor pricing or their business ethics but we can control how our company operates and delivers the goods and services we offer. When we recognize what we can and cannot control then we can properly direct our time, energy and resources.

2. **Review our strategic goals and discontinue those projects that do not contribute to the growth and current well being of the enterprise.** Now is the time to focus on the projects and programs that have proven measurable results. The object of this strategy is to narrow our business portfolio and discontinue any products or services that are a drain on company resources and utilize these resources in areas of the business that will better
support our strategic goals. We should focus on areas of the business where we can be a market leader and decline to employ company resources in unprofitable ventures. From my perspective too many companies chase unprofitable business in order to maintain market share and in doing so squander their resources. We need to resist the urge to simply cut costs but more importantly to look for improved efficiencies in all areas of the company which will result in reduced costs. Get lean. Show management should drop unprofitable resource and capital intensive projects and decorators and builders should keep inventory to a minimum and drop low margin products and services where it makes sense to do so. Get employees involved in the process, offer rewards for exhibition and conference concepts and ideas to improve efficiency. This will lay the foundation for a better business model and contribute to the financial health and future growth of the organization.

3. **Re-engineer our business.** We need to decide what business are we in anyway? Is it show business or is it multi-dimensional marketing? The firms that succeed will be the ones that anticipate market changes and re-engineer their business to take advantage of emerging markets and customers. They will realize it is insanity to keep doing the same things over and over again and yet expect different results. In 1982 I gave a presentation to CAEM about business strategies and one of the key points I made at that time was “Whatever got you where you are today will not keep you there tomorrow” Well tomorrow is here and there is no Computer show, no Comdex, no Production show, no massive Hardware show, no Industrial Trade Shows Inc., no SoutheX, no Maclean Hunter, and of course no CB radio show. The same is still true today. Study the trends to see where the culture, technology and products are going. *In the marketing business if we are still selling the same products and services and selling them in the same way we were a few years ago then we are behind the curve.*

We should be striving to design and provide the right product and/or service to the right customer at the right time in the business cycle. What products and services produce the greatest value and return on investment both for our company and our customers? Consider repackaging what you already offer. Remove redundant activities and look for ways to reduce the number of steps in our processes.

4. **We should build flexibility into our business model.** Political, economic, social and technological events may cause us to reconsider our strategy. Keep our fixed costs to a minimum, maintain control of our web site and blog, reorganize human resources, concentrate on our core business, reduce travel and entertainment expenses, do not sign long term contracts without cancellation clauses and never sign one without a performance clause. My philosophy has always been *education* is what you get from reading the small print in a contract. *experience* is what you get from not reading it. As the economy sinks deeper into recession money will become tighter and consequently borrowing power will be reduced. So take the opportunity now to expand your financing by establishing the line of credit and terms you may need down the road. You do not need to use it but knowing it is in place and available will help you make intelligent business decisions moving forward. In other words allow room for re-invention and creation in existing processes and procedures.
5. **Maintain and even increase marketing.** Well documented studies show that businesses that continue marketing come out ahead when the economy turns sour. I have always maintained that in tough economic times when everyone wants to cut the marketing budget that is absolutely the wrong thing to do. The one element of your business that should continue to expand is marketing. We should not abandon our marketing strategies but rather adapt them to the new realities. Uncertain exhibitors are more likely to go with a trusted source. They like the reassurance of known brands that can deliver the audience. Regional and less vertical shows are likely to suffer most during economic downturns. While the competition is reducing marketing dollars and reducing their presence in the marketplace we have an opportunity to capture and increase market share and reinforce brand awareness. This is the time to make sure our target audience understands why we and our product and/or service is different from our competitors. It is of the utmost importance to position our company so that we offer a marketing difference not only from other traditional media but from our competitors. Strive to increase the perceived value of your product or service through creative marketing. Any company that removes itself from the marketing radar screen may inadvertently remove themselves from customer decisions.

6. **Maintain pricing structures.** One thing I have learned in this business is that there is no bottom to pricing. I can remember times in western Canada when show managers could get aisle carpet for 50 cents a linear foot and drape booths for free. Needless to say the decorator who offered that is no longer a player in the business. As tempting as it may be to reduce prices and/or expect your suppliers to do the same, that is in my opinion, a mistake. Businesses exist to make money and you should not deny your vendors or yourself that basic right. Heavy discounting of your product or service is at most times a losing strategy and simply weakens your brand value and dilutes your margins. When the economy eventually improves it could take years to get your prices back up to where they should be. Instead consider providing “added value” to your offerings that do not negatively impact your margins or your brand. Make the product and services you offer extraordinary not ordinary.

7. **Keep abreast of state of the art cutting edge technology.** This includes both the technology our customers are employing as well as what technology we need to effectively meet customer demands. The internet connectivity and the availability of technology to redefine communication and information can offer competitive advantages when the economy goes south. Consider implementing web sign up for email newsletters and sales alerts. Administrative software programs, customer relationship software, email marketing systems, direct marketing software all offer advantages not previously available in past economic downturns. If we consistently remain informed about any new technologies that help us to deliver timely cost effective solutions applicable to our customers the chances of us remaining the supplier of choice is greatly increased.

8. **Identify new sources of revenue within your customer base.** Develop new value added product and service offerings. Look beyond the usual event, pavilion, conference and exhibition hall sponsorship opportunities. Concentrate on creating marketing and sales opportunities for all the constituents and stakeholders.
9. Practice good cash management. Cash management is simply the strategy by which a company administers and invests its cash. Cash is the lifeblood of any business and managing it is vital to the well being of the organization. Managing cash inflows and outflows if done poorly may result in a liquidity crises and the firm needing to borrow funds on that line of credit I mentioned earlier and of course there will be the attendant interest charges. Planning ahead by means of cash management techniques can prevent this from happening. Fortunately good cash management isn't rocket science. Companies can improve their cash position just by making certain that invoicing, collections and payables are operating at maximum efficiency. Simply put, bill early, collect fast and pay slow. Review each of your accounts to ensure you are invoicing the maximum as early as possible. Plan to bring cash into the company as quickly as possible. Aggressively follow up on any overdue invoices because the longer you look at them the larger they grow. Make it standard procedure to require up-front deposits especially where large cash outlays are expected such as decorator and exhibit builder union payrolls and material costs or in the case of show management building deposits and promotion costs. Then retain your cash as long as possible by managing your payables. Delay paying your bills as long as you're allowed without incurring late fees or interest charges. We should assess our current cash position and attempt to make reliable predictions at key intervals about how much the company will need to meet cash obligations and expenses. Any excess cash not required by the business can be invested in safe interest bearing money market accounts. Although the interest rate is low the funds are readily accessible.

10. Control cost cutting. One positive aspect of cost cutting is that many times it forces the company to become more efficient by accomplishing more with less but it should be undertaken with great care and consideration. Should it be necessary to take such unpalatable action cut as deep as need be but do it only once. Incremental cuts are very destructive. They demoralize everyone, divert the focus and energy of the staff and many times send valued employees scurrying out the door worried they may be next. Critical priorities should be established as to what costs need to be reduced. We do not want to cut costs so drastically only later to discover that we have cut our capability to efficiently deliver our products and services.

11. Consider outsourcing non core functions. Third party suppliers can many times take over labour intensive processes and do it at a lower cost and with higher quality. This frees up internal staff to focus on more strategic goals and initiatives. External providers can achieve economies of scale unavailable to us because they are servicing multiple companies. Examples of outsourcing are things like registration, exhibitor and audience surveys, floor management, fulfilment services, and payroll services. Some advantages of doing this include access to expert services, reduced operating costs, reduced capital expenditures, and access to better technology to name a few.

12. Maintain customer focus. Customer focus simply means just that. It means putting customers and their expectations at the centre of our business model and aligning the rest of the business processes around this core constituent. Treat every customer interaction as
a opportunity to build customer loyalty. We should develop an understanding as to how our organization creates value for our customers. The question we should all be asking ourselves is “how will this product or service contribute value to our customers”.

Personally I believe in customer focussed companies. By that I mean not just some pretty brochure, glossy advertisement or slogan that reminds us the customer comes first. Let’s be honest. How many of those brochures and ads accurately portray reality. When selling yourself don’t misrepresent the goods. Be a partner to our customers. We need to think like our customers and understand our customers’ needs and be prepared to meet them.

Keep up to date and informed about how our customer is redefining value during these times and be prepared to respond to changes. Good market research can reveal the best way to reach the exhibitor and attendee in the most cost effective manner. We can learn who is buying the exhibit space, who is attending the show and why. The more we learn about our markets and all our customers the better we can sell to them. When we maintain customer focus we provide our company with a sustainable advantage over our competitors.

Over the years I have seen many show managers focus on exhibitor sales and neglect attendance promotion. Give me an attendance and I will give you a show not the other way around. Customer focus is the road to profitability. Those that focus solely on shareholder returns will never reach their potential.

Non – financial measures, like customer satisfaction, innovation and value added services are just as important as cash management or any other financial measure. Customers should be listened to and involved in the process and not just told what is good for them. It is crucial to listen and be courteous to all our customers. We never know who might show up on the jury.

13. **Love our brand.** Do our employees love our brand? A significant competitive advantage can be achieved by having our employees enjoy their careers with us. Do they enjoy working for us? Highly engaged passionate employees are motivated to succeed. No matter how unique we might think our product or service might be it doesn’t take very long for our competitors to duplicate it or make equivalent offerings. This commoditization of products and services happens quickly as any decorator or builder can tell you. It is much more difficult for a competitor to imitate superior service especially if that service is provided by engaged employees armed with the knowledge of the individual customer’s preferences and needs. Employees that have a sense of mission are more likely to deliver outstanding service. That sense of mission needs to go beyond providing shareholder value but should create lasting value for both the company and the customer. When an employee can deliver a product or service that they are proud of and one that solves a customer’s problem they are more likely to be enthusiastic. Enthusiasm is contagious and so is the lack of it.

14. **Invest in our employees.** Everyone should at least try to learn more even if they already know everything. During economic downturns one of the first things that senior management wants to cut after head count is employee education and development. This is one area where the mere suggestion of cuts should be vigorously opposed. Employee cost is often the largest cost of doing business so if we can improve efficiencies through employee development and incentive the labour line item on our financial statements can
be improved. We can reduce our costs by small consistent incremental improvements resulting in an improved competitive and profitable position. We should not look at employees as financial control devices but view them as the valuable resource that they are.

16. Sustain employee motivation and performance. First recognize that if we don’t take care of our employees they won’t take care of our customers! If we want to keep our staff engaged we need to reward them well and show them we appreciate their efforts. We need to recognize them as people and assets and not just costs. We need to create a culture of appreciation and recognition that reinforces our psychological contract with them. We should develop strategic employee recognition programs that are predicated on company values and goals. This approach of appropriate and frequent employee recognition will assuredly contribute to increased performance and profitability. Pat others on the back---not ourselves.

Second, communication with staff relevant to them is more important during tough times than good times. Employees will be feeling insecure and their performance is likely to slide. They are most likely to be more concerned about their personal well being than about the job at hand. We need to be completely honest and consistent and that means from the top down. If there are possible layoffs then we should say so. Every employee should know exactly where we stand and our strategy for navigating our way through the recession. Many of us tend to mistrust the mass corporate email, newsletters or press releases but would rather rely on our immediate supervisor for information. Direct supervisors connect with staff on a more personal level and are in a position to curtail rumours and instil confidence. The company should provide honest and accurate information to its managers and supervisors to enable them to communicate the company strategy to all employees. Once the strategy is communicated we would hope that all stakeholders would share their ideas and become part of the solution.

16. Acquisition opportunities arise when economic conditions deteriorate. Opportunities are like sunrises. If we wait too long we will miss it. Meeting investor and owner demands during recessions is difficult to achieve organically so strategic acquisitions can be critical to our financial well being. Those companies that have healthy balance sheets and available cash are uniquely positioned with opportunities to acquire competitors and/or underperforming or under exploited properties and assets. Since credit is restrained during the credit crisis the companies with the cash rule. One word of caution is to discipline the acquisition process and conduct our due diligence by methodically and thoroughly researching all potential acquisitions.

17. Innovation can help our business thrive during economic downturns. If the world blew itself up, the last audible voice would be that of an expert saying it couldn’t be done. Innovation is a powerful tool that can help our company through the tough times and position us for future growth. We should invest in products or services that will solve our customers’ problems and reduce their costs. We should not be afraid to experience setbacks in being innovative. Setbacks are part of the process. Falling down doesn’t make us a failure, but staying down and giving up does. Additionally we should help our
suppliers to become more efficient in what products and services they deliver to us. Develop strategic alliances. Use innovation to reduce our operating costs and make our processes more efficient.

18. **Identify our critical suppliers.** Determine what suppliers are critical to our business and what risks they pose to our enterprise should they falter or fail. The selection of a supplier should have a strategic orientation and involve much more than just looking for the cheapest price. The manner in which we weight such factors as service, reliability, quality, environmental and safety issues, and price will depend on our particular business strategy, assuming we have one. If all we want is the cheapest price then of course anyone will do.

19. **Keep an eye on the competition.** No business opportunity is ever lost. If we fumble it our competitor will find it. It is quite possible to learn things from a competitor we cannot learn from an ally. Watch what they do right and what they do wrong. Understand how they think and react to situations and where they are vulnerable. Determine their strengths and weaknesses relative to our own. At times like these be aware that good staff will be at a premium and competitors may attempt to poach our most valuable and productive employees.

20. **Finally a key element of our success is to have strong leadership.** By strong I do not mean someone who can make decisions quickly—and sometimes even correctly. Neither do I mean the “Command and Control” style of leadership. I am referring to leadership that gives employees a sense of business priorities and the support needed to achieve them. We do not need to be a boss to be an effective leader. A good leader takes a little more than their share of the blame and a little less than their share of the credit. A good leader instils confidence, provides direction, and strives to build a strong cohesive team. They re-energize and re-focus our workforce and business, embedding strategic capability throughout the organization. Good leaders do not focus on the minutiae but rather on the long term strategic issues. Effective leaders will have an open door policy and not just listen to filtered information from favoured or senior personnel. We need to engage others within and without our organization in developing our strategy. As leaders we need to get out on the office floor, warehouse floor, conference rooms and show floor and talk to people. If we have extensive conflict, poorly developed systems, unclear lines of communication, no feeling of team, no accountability and no articulation of the vision and company direction then our place is not a great place to work. This will result in our being vulnerable as employees and customers will desert us.

In my view to survive and thrive during economic tough times is to keep an open mind and explore these and other successful strategies. Minds are like parachutes. They only function when they are open.