MarketGraphics RESEARCH GROUP

Management during Recessionary Times

(The visible signs of opposite management styles prior to, during and coming out of a recession.)

Recessions can be an asset to mature an organization and its management or a liability in the destruction of a company and its management. "In every organization are the seeds of its own destruction or opportunity."

A recession will affect people in three primary areas:

1. Character 2. Conduct 3. Convictions

A recession (prior to, during, and coming out) will affect the three primary areas in a positive or negative manner.

Positive Results:

1. **Character** - Doing the right thing.
2. **Conduct** - Doing the thing right.
3. **Convictions** - Standing for principle in the midst of change and adversity.

Negative Results:

1. **Presumptive** - Making wrong decisions.
2. **Positioning** - Changing positions allows for making both right and wrong decisions.
3. **Preferences** - The ability to prefer a good way but selects any way.

Which brings us to: The major decisions in life

Correct Way of Wisdom

1. **Justice** – The ability to make a correct decision.
2. **Judgment** – The ability and courage to do the right thing.
3. **Equity** – The ability to make the right decision when all facts are not yet there.

Incorrect Way of Wisdom

1. **Fairness** – Decisions that are based on the moment and can change.
2. **Goodness** - Thinking that doing nice things will get solid results for the company rather than doing the right thing and having correct conduct.
3. **Favoritism** – The focus on gaining favor with people of power.

A consolidated perspective:

Correct Perspectives	Correct Ways of Wisdom	Incorrect Perspectives	Incorrect Ways of Decisions
1. Character	1. Justice	1. Presumptive	1. Fairness
2. Conduct	2. Judgment	2. Positioning	2. Goodness
3. Conviction	3. Equity	3. Preferences	3. Favoritism

Pre-Recession Management

(Decisions that Reflect Character)

Correct Decisions

1. Plan for recession

a) Take the key company people on a NO-CELL-PHONE 1 ½ -day Retreat.

b) Define the problems of the last recession on sales, production, pricing, procedures & profit.

c) Define ways to recognize a recession.

d) Define the transition from a good market to a market off by 35%. Do in seven stages:

1) Off 5%
2) Off 10%
3) Off 15%
4) Off 20%
5) Off 25%
6) Off 30%
7) Off 35%

e) Define who will decide when the action items will be implemented.

f) Define who will monitor the data, who the data goes to and by when.

g) You should also complete another plan focusing on ways to increase sales and diversify when a recession hits. You should use the steps above when doing this plan.

2. Wait for visible signs of a coming recession.

a. Purchase indicators
b. Year to date sales levels
c. Consumer index off
d. Get index co. articles and other sources

3. Train on how to prepare for a recession.

4. Find a few wise counselors who have been through at least three recessions and get advice from them at least every four months.

5. Find proven companies with a track record of forecasting a recession.

6. Avoid debt, fully if possible, or to a substantial degree.

7. Do not make decisions that presume on the future.

Questionable Decisions

1. Does not plan for a future recession.

2. Ignores signs of a recession.

3. Does not realize many people working for the company may never have been through a recession while working in that industry.

4. Fails to seek advice from wise people.

5. Remains too busy to find correct advice.

6. Requires debt to continue growing.

7. Enters into an agreement that presumes future good times.

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Managing during a recession
(Correct Conduct)

Doing the right thing with correct conduct

1. Focus on every person in the company by name and know their specific capabilities.
2. Focus on knowing every asset, down to a single number, including the least item.
3. Focus on 100% internal company unity. Ask for and receive advice and counsel from all employees.
4. Focus on remembering what has worked in previous recessions.
5. Focus on evaluating every associate, subcontractor and supplier, to renegotiate, reevaluate and restructure.
6. Focus on diligence, "the art of doing the "little things" in a consistent manner".
7. Maintain a **daily** focus on money and **precise** accounting review.

Doing questionable things in a questionable way

1. Divert part of your focus to trouble and money instead of people.
2. Maintains a partial interest in little things but more interest in changing directions.
3. Practices a generally secret approach to management and believe only managers have all the answers.
4. Does not allow history to be a teacher.
5. Allow for wrong influences & wrong companies as part of your business.
6. Look to the "big things" in an inconsistent manner.
7. Skip a **daily** financial review.

Management coming out of a recession
(The concentration on convictions)

Doing the right thing with conviction

1. List **past** mistakes to be avoided in the future.
2. Make things **right** with anyone offended in the past.
3. Decide on a **precise** set of goals.
4. Expand through **mentoring** of managers.
5. Tighten up policies & procedures to **measure** results.
6. Structure in ways to **reward** those who stayed through the recession.
7. Focus on creative, patient, but aggressive **planned** growth.

Doing questionable things with preference "vs." conviction

1. Try to **forget** the past.
2. Leave **past mistakes** behind.
3. Grow and expand **even if** it requires serious borrowing.
4. Grow with little or **no key manager mentoring.**
5. Reacts to things with new policies and procedures.
6. **Change structure** to benefit only the company, and ask for little input from managers.
7. Focus on aggressive, **impatient growth**, through borrowing.

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