

# another decision document

## PREPARING FOR AN ECONOMY DOWNTURN

### FINANCIAL

1. Outstanding accounts receivables: Actively and regularly review you're A/Rs, past due and large invoices. Create accountabilities in your organization to get in touch with and collect proactively.
2. Create a disaster plan: What will you do if revenue drops 20%? How about 40% Rather than make rash decisions in the heat of the battle, prepare a plan now that brings your company to "cash neutral" with two tiers of a drop off in business. This likely includes a list of those people you would let go so you can keep your highest performers.
3. Payment terms: When is the last time you've adjusted payment terms with your customers? Is it possible to get deposits from customers (cheaper than a bank) to fund your business?
4. Runway": How much 'runway' do you have? Look at your MTT cash flow and working capital.

### PRODUCTS / SERVICES

1. Optimize vs. innovate: Innovation can be key to developing new products and services. Optimization quickly drops to the bottom-line profits. How can we focus our energy on optimization before innovation?
2. The 80/20: When is the last time (never?) you've reviewed your product and service offerings to determine the 20 percent that yields the 80% of your profit margin? What of the 20% can you eliminate or spend less time and energy on? What will you do with those newly acquired resources?

### PEOPLE

1. Rate your employees: On a scale of 1-10, rate each as a 3, 6 or 9. Do you have any 3s? What's the plan? Why are you keeping them?
2. Identify good employees at competitors: Recession is a good time for strong companies to pick up good employees from struggling companies.
3. Employee retention: Your employees are probably worried, too. What is your retention strategy? Do you have one? You can help them prepare for a downturn by sponsoring them in attending <https://www.ramseysolutions.com/corporate-wellness/smartdollar> or similar.

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## COMPETITORS

1. Where have competitors retreated? Can we double down in those areas and make a profit?
2. Acquisitions: Do you have a list of companies – or a profile of what would be a great “type” of company to purchase if the opportunity arises? Smart and strong companies buy other companies in economic downturns.
3. Your Unique(s): What makes you unique? How can you double down on what makes you unique?

## CUSTOMERS

1. Product extensions: What else do our best clients need that we can help them with? Even if we don't currently offer it?
2. Making “yes” a no-brainer: Brainstorm with your team, how can we make “yes” by our prospective customers easy? Guarantees? Flexible payment terms? Quantity discounts?
3. Focus on existing clients? How can we focus on existing client relationships more than chasing new ones?

## MANAGEMENT / SELF

1. Create a “to-don't” list: We default to adding stuff vs. subtracting. Things that drain energy, distort your focus, divert your attention. Pick three things to “not” do – such as don't look at emails first thing in the morning, saying “yes” simply to be polite, etc.
2. “How” vs. “Why”: Your people need to know the “why” not just the “how”. Example of a study done of commercial cooks in a kitchen, performed better when they could see the impact their work had on customers vs. being stuck back in of the house. How can you have more “why” convos than “how” convos?
3. What “could” I do vs. “should” I do? This is a different way to frame a common question. Generating more ideas improved the quality of the ideas overall. “Should” = narrows | “Could” = widens. How can you start more “could” conversations before moving to “should”?
4. Don't think of breaks as deviations from performance but as a way to improve our performance: Danish school standardized test study indicates this. Work is not about “powering through”. Most effective breaks incorporate as many of these as possible: Some better than none, moving vs. stationary, social vs. solo, outside vs. inside, fully detached (no screens). How can you schedule a 15-minute walk break every day outside at least daily with someone you like to hang out with?
5. People regret what they “didn't” do vs. what they did do: An example is not taking a chance sometime in your past. When they tell you what they regret the most, they tell you what they value they most. Ask questions like: What would your successor do? Explain your decision to yourself 20 years from now?
6. Your Best Day: How are you making sure you are you on your best day?

Some questions selected or adapted from: “The 10 Questions” document by Darren Hardy, “Seven Ways to Deepen Motivation, Sharpen Decision Making and Do More with Less” presentation by Daniel Pink, Michael Allasso and Vistage “How to Prepare for a Recession” paper.

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