

Coming Back Stronger

Managing businesses in and out of crisis, planning for growth and opportunities, then specifically delivering those planned outputs

Introduction

Perspective

- **The approach taken in this presentation is a generic “big picture” view of how this might relate to a wide range of businesses**
- **Specific information including P and L, the Budget doc, Balance Sheet, the current Business Plan, and an understanding of the industry sector and business components would assist in becoming highly specific**
- **I’ve used a range of CEO/ Chair experiences to build this document, incl some examples**

Post Covid-19 Its Opportunity Time !!

Absolutely fundamental position taken in this presentation:

As a CEO and Board Chair the writer has always taken the position to look for growth and opportunities in any situation in business. And then to set about actually delivering it.

Covid Crisis Relevancy

- **Purchased LSNZ in 1995.**
- **Paid off 70% of 10 year debt in 14 mnths**
- **Manifestly successful acquisition**
- **Revenues hit by 40% reduction from external impact in a 7 day period in 1998**
- **Business generated significant losses**
- **Re invented the business back to profitability in two years.**

Positive Impacts Post Covid

- **It impacts everyone**
- **It is widely expected that business will revert to previous levels, - albeit at gradient rates that remain unknown, - and over what period of time**
- **Potential market share opportunities from weaker under funded competitors failing**

Managing In,- and then Out of Crisis

New Financial Plan

- **Build a straightforward short term P and L and cashflow. It's critical !! Expenses control and cash management are key priorities.**
- **Focus on May to Dec 2020 for now**
- **Key items, - i.e Revenues, Gross Margin, COS, Expenses, - by month (8 months)**
- **Build 3 models. What is most likely, a best case scenario and a worst case scenario**
- **Everyone understands on day one this will very much be a best estimate**

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- But it is likely within, say, six weeks we will understand the correct starting point as the reality eventuates and then we can move to just one model
- Initially the key drivers are the starting revenue number, and the gradient of monthly increases in revenue as “normality” resumes.
- The plan will alert us quickly to any critical short term actions required
- **Short focus plan is critical, - but in this period one eye already on new opportunities!**

Business Plan

- Review the current Business Plan at around 90 days from startup. Can be ongoing
- Is it believable, relevant and achievable? Do all staff and the Board understand it.?
- Is it being actioned and monitored quarterly?
- Is it a “philosophical document” or a concise, relevant and meaningful plan that has quite specific delivery outcomes?
- Do the delivery requirements drop straight into the budget doc, and cash flow

Communicate Openly

- **Communicate openly and fully with staff. Much credit backed up there at this time**
- **Communicate openly with creditors and all key stakeholders. You may need their help**
- **Communicate openly, early and transparently with bankers. They do not like surprises and are good time friends only**
- **Communicate openly at all time with the Board. They also don't like surprises.**

**Identifying key short
term growth
opportunities and
setting out to
expedite them**

Low Hanging Fruit Growth

- **Existing (in the current B.P) or new opportunities may exist that are relatively cost efficient and easy to implement to give the business some go forward momentum in a cost cutting environment, - i,e provide a competitive edge.**

Low Hanging Fruit Example:

- **2011 ATT struggling. Most KPI's trending negative. Urgent restructure required**
- **Needed to cut around \$200k p.a of cost**
- **Found a way to cut \$300k with low pain, freeing up \$100k for a required strategy to drive growth**
- **Employed a field based NS&MM and a Marketing Graduate, - new roles to drive front end growth.**
- **At Dec 2018 annual revenues had increased from \$5m to \$20m in 6 years. Above strategy was the initial cornerstone component to achieving that performance**

Accelerate New Project Research

- Choose projects that are affordable and can be actioned with a “fast track” approach to any research required
- Part of the research could be taken up with a low cost pilot program, - effectively the final component in the research for the project. In other words, - some research as part of the actual initial implementation of the project
- Must have a quick, easy, low cost exit strategy

Project Acceleration Example:

- **In 2014, ATT PGDR revenue had doubled. Chance to establish a new division in the Electrical sector**
- **Short, sharp research project showed many similarities to PGDR core business**
- **Moved quickly after a very short research period with a low risk pilot program. Required employing one new staff, - a hands on field based NSM.**
- **If the pilot project had failed that person would have been integrated into the growing PGDR division**
- **In 2018 The electrical division contributed an additional \$3.3m to annual revenues**

Acquisitions, Mergers, Strategic Alliances

Strategic Alliances:

- Develop relationships with other organisations where there is an opportunity to pool resources with mutual advantage. This could impact anything from joint sponsorship or event management, through to shared cost distribution across the businesses

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Actively Seek Acquisitions or Mergers

- **To add high quality additional customers**
- **To bring high quality people resource**
- **To bring additional products into your product suite**
- **To bring different products into your existing distribution channels**
- **To bring additional revenues with minimal new cost**
- **To reduce joint costs (e.g back office costs)**

Governance, Accountability and You

Governance

- Where does independent governance sit in your business?
- Do you have a Board and regular Board meetings?
- Boards don't have to be large and expensive. In some businesses a single person external Board member works very well. (**example: SIMX Chair**)
- In addition to governance, Boards provide excellent balanced resource around strategy and all the “big picture” important drivers in the business
- They are an excellent sounding board for the CEO

Accountability

- **Who are you accountable to? Accountability is not a friendly chat over a coffee with a mate !**
- **Accountability includes regular monitoring of all your personal KPIs, - quality and delivery**
- **Accountability also task cognizance of how you are doing personally. Your health, your well being, your personal space**
- **Accountability is not debilitating. It is an uplifting experience and critical for executives**

Example

- **The ATT Board included the independent Chair (also an experienced CEO), an independent Director (previously a Divisional GM in a large business), and another independent Director (also a Board Chair and owner of a significant sized SME). That combined with the CEO (also a Board Chair) provided incredible expertise “horsepower” to influence key decisions. It is the writers experience that using the talents/ experiences of a group will be beneficial to a business, rather than an individual trying to do it solo. Further, - in the new more complex environment this approach will be essential to avoid pitfalls, and expensive errors of judgement**

You, - Look After Yourself

- **Well documented that senior managers under ongoing high stress make poor decisions and show poor judgement. Therefore Invest in:**
- **Personal free time**
- **Exercise**
- **Family**
- **Balanced life**
- **High quality accountability mechanisms**

**What actually is
the “New Norm”?**

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Is the “new norm” working from home, new technology, ZOOM, internet shopping and Hello Fresh food bags?

Or is the “new norm” the dramatic impact on business from the Christchurch and Akaroa earthquakes, White Island, Covid 19, and the bushfires across Aus and the US?

Growing opinion is that it will be the later. Where will your business be placed when that next happens and there may be no more Govt money to prop up industry and commerce?

Good Luck!