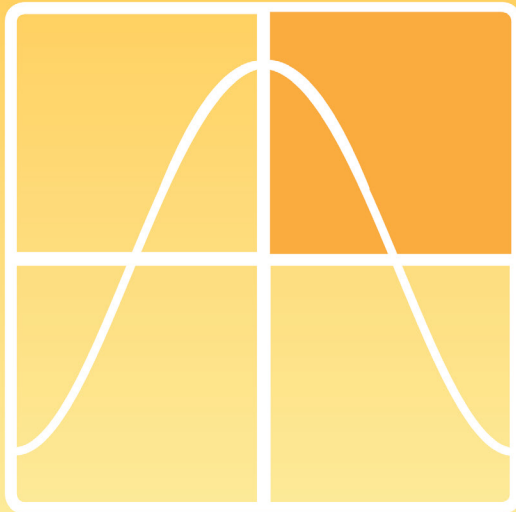




# Phases of the Business Cycle



## Phase C

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*Slowing Growth*

### **Definition:**

The 12/12 is declining but remains above zero; data trend ascent is slowing or has stopped its rise but is still above the year-ago level. This is the first negative phase of the business cycle.

### **Management Objectives:**

- Know if your markets are headed for a soft landing or a hard landing
- Cash is king: Beware of linear budgets and ensure you are not in denial
- Stay on top of aging receivables
- Revisit capital expenditure plans
- Lose the losers: If established business segments are not profitable during this phase, eliminate them
- Use competitive pricing to manage your backlog through the coming slowdown
- Avoid committing yourself to long-term expenses at the top of the price cycle, but lock in revenue
- Go entrepreneurial and/or countercyclical
- Evaluate your vendors for financial strength; if needed, look for additional vendors as a safety net
- If the cycle looks recessionary, cross-train key people to prepare for workforce reduction