

# Managing in a downturn\*

Standing shoulder to shoulder with our clients

\*connectedthinking

PRICEWATERHOUSECOOPERS 

Given the most volatile and uncertain conditions in living memory, leadership and management face challenges that lie at the very heart of competitiveness and the future of their business.

At PwC we are committed to standing shoulder to shoulder with you to help you through these uncertain times, and to help position your business for when markets improve.

Recent events have shifted the goal posts such that, in many respects, the way we will all conduct business in the future will change. With the experience of more than 16,000 people to draw on, no firm is better placed to support you through these unprecedented times.

We have developed a simple framework designed to support you and challenge your thinking. As you will see there is a strong emphasis on strategy, finance & funding, operations and people & stakeholder management – key topics in this downturn.

We hope that you find it useful and look forward to working with you to meet the challenges ahead.



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Or call your usual PwC contact.

# 10 fundamental priorities

## A guide to managing in a downturn

### 1 Take a closer look

The goal posts are moving; understand the true picture not what you'd like to believe. Get to the bottom of what's driving your business; what you do best and why. Understand how the business is being impacted by the downturn

### 2 Act decisively

With increased uncertainty and volatility it is important to take tough decisions early. Focus relentlessly on the key drivers of value and the key risks across the business. Don't sit back and wait; the winners will be those who position themselves to take advantage of the upturn

### 3 Remember "cash is king"

Ensure your finances and working capital are in good order; protect your liquidity; re-examine your treasury, financing, funding and pension exposures. Monitor your performance against financial and non-financial covenants. Adopt a hands on approach to cash management

### 4 Focus on what really matters

Evaluate which products, customers and channels create or destroy value. Revisit your existing investment programmes – what initiatives could you stop or defer?

### 5 Manage your cost base

Focus on enhancing operational performance; go for targeted rather than across the board cuts; extract better value; reduce unnecessary complexity; look at whether your business model needs to change

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### 6 Reliable management information is key

Now more than ever you need the right management information; clearly defined KPIs are essential. Decision making needs to be based upon facts; speed of decision making needs to improve

### 7 Plan for different scenarios

Winners demonstrate agility and flexibility; model a range of financial, operational and workforce scenarios that reflect the impact of the downturn on your business; adapt quickly; explore your strategic options

### 8 Recognise the value of your people

Regular and clear communication with employees is key to their engagement. Identify key talent and develop appropriate incentives for them – retaining and motivating the best people is critical to your future

### 9 Take your stakeholders with you

Evaluate the likely impact of the downturn on your stakeholders; make sure you understand their agendas. Perception is often reality so maintaining regular and open dialogue is essential

### 10 Take advantage of the opportunities

Don't stop innovating or investing in those areas of growth you will need for the future; don't forget your brand. Have an eye for the future; think beyond the next quarter