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trekking

a newsletter on practical strategic thinking and action
issue #55

reacting in tough times

The stock market has cratered. GDP figures are negative. The outlook is bleak. While some are playing the blame game, you have to deal with the new realities every day.

Like many of you, our clients have reacted to the credit crunch and the continuing decline in spending. Here are a few examples of steps they've taken so far:

1. A construction-related business has decided to unload any excess inventory in the warehouse by selling it through the Internet. This should make their end-of-year physical inventory easier, clean out some space for new materials, and generate cash flow.
2. A service business has reduced the last steps for on-boarding new clients, shortening the documentation process for clients to go live. This approach hopefully will reduce the risk of losing a client at the last moment and speed up the billable period.
3. A marketing agency has redoubled its sales efforts. This means more networking, greater attendance to industry events, and the calling-in of some favors. These efforts are designed to offset the potential loss of clients in coming months.
4. A video production company has lost three people through normal attrition since the summer. Some of their development and production duties have been assumed by others internally and others outsourced. But they have held off hiring full-time replacements.

Many industries will have no choice but to cut jobs. A recent Boston Business Journal survey estimated that 7,200 jobs will be lost in finance alone in New England. Nationally, the manufacturers and distributors of high-ticket items like big boats and automobiles will surely suffer. Most small to medium-size businesses will tighten up and try to survive. More than likely, the ones that do will emerge leaner and stronger, ready to take advantage of the inevitable upturn in 2009.



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a different approach

Some investors, like Warren Buffett, have seized the opportunity presented by downturns like we see today and have bought businesses, or large stakes in quality firms, that are undervalued by historical standards.

It isn't just the likes of Warren Buffet who can take this approach. You can take advantage of this time in our economy to acquire or absorb competitors, steal their clients, or even their best employees. It takes courage and attitude, but many business owners are successful because they leap at times like this.

Can you be aggressive during these times?

I would like to hear more stories of how companies are adapting to these challenging times. Pass them along and I will share them with Trekking's readers.

reading list

Exiting Your Business, Protecting Your Wealth

By John Leonetti

I recently completed a two-day seminar on exit planning with Pinnacle Equity Solutions, taught by Pinnacle owner John Leonetti. Leonetti is the author of *Exiting Your Business, Protecting Your Wealth* (<http://www.wiley.com/WileyCDA/WileyTitle/productCd-047037618X.html>).

The book lays out a compelling argument for the development of a new type of advisor—the exit planning advisor. The role of the exit planner is to help the business owner identify personal goals, understand his or her mental and financial readiness, and ensure that the right legal, accounting, insurance, tax, and business consultants are in place to execute the exit strategy.

The book sets a high standard for those advisors entering this field.



announcements

XPX event – “The Present and Future of M&A for Owner-Managed Companies”
Friday, November 14, 7:15-9:00am
Olin Hall, Babson College

Sponsored by Vitale Caturano
www.exitplanningexchange.com

Events for the Exit Planning Exchange have been entertaining and well-attended. Our next event will be a hosted panel breakfast meeting. The panel will address “The Present and Future of M&A for Owner-Managed Businesses”, a compelling topic in light of the current financial crisis. Our panelists will be:

- Rob MacLeod from the investment banking firm, Bigelow and Co.
- Gail Long, CEO of the Boston chapter of the Association for Corporate Growth, and
- Kevin Mulvaney, former Executive Vice President at Bank of Boston, current professor at Babson, and President of Strategic Advisors Group, a consulting firm advising CEO’s and business owners.

To register in advance, email Cheryl Warren-Powers at cheryl@exitplanningexchange.com or call 508.440.4104. Advance registrations will be accepted until 4:00 pm the day prior to the event.

about trek consulting

Trek Consulting helps service and technology companies achieve and sustain growth.

We work with CEOs and senior management teams to develop and execute profitable sustainable growth strategies and tactics. Our work focuses on developing, managing and marketing intellectual capital, the core asset of today’s organizations.

Our clients report improved market focus, greater revenues, better margins and increased profits. To learn more about Trek Consulting and how we can help you improve your company’s results, visit us on the web at www.trekconsulting.com or call us at 781.729.1008.