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trekking

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time for a market check

It's been a tough month. We have seen lots of ups and downs in the economy and in our clients' businesses. Here's some of the bad and good:

- In marketing, web development projects related to general marketing have been postponed or cancelled. This trend can be seen more broadly in the slow uptake of ads for the Super Bowl in a couple of months. However, demand for web development projects that are more directly related to revenue-generating activities continues to be strong.
- In high-tech, a client in the component business returned from a trade show in Europe and reported a near-term slowdown in activity industry-wide. However, as job losses rise in the tech industry, many skilled people are available to be hired, representing an opportunity to upgrade staff if the company is so inclined.
- In the construction-related fields, terms and conditions on sub-contractors are more and more stringent. General contractors are increasingly asking for financial guarantees (bonding) to ensure financial resources are available if the sub-contractor's project manager cannot finish the job. This has been a traditional practice on bigger jobs. However, the jobs for which bonding is being requested are now smaller and smaller. These receivables get excluded from the borrowing base with the bank and will have a negative impact on borrowing ability, liquidity, and the ability to pursue other jobs. However, there are segments of the construction industry that are doing better than others because of long project lead times or strong funding sources for the projects.

So, what impact of the economic downturn is your company experiencing? Do you really know? And, do you really know how these changes are affecting your business in the short- and long-term?



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a different approach

The only real way to know for certain is to make a market check. No, not a stock market check—if you check that again today, you’ll either want to curl up in a fetal position in the corner, or go home and make a martini.

No, I mean a check in the business market in which you or your clients operate. An organized session of brief interviews with customers, suppliers and industry experts can tell you who’s surviving, who’s thriving (if anyone), who’s doing new things to move product, who’s operating differently, and who’s going after new markets or seeing different risks.

These Strategic Conversations (<http://trekconsulting.com/Publications/Articles/StrategicConversations-HBS-2005.pdf>) will generate new ideas and new insights that can have an impact on how you conduct your business. This will be especially important as we enter the uncharted waters of the next eighteen months.

reading list

Chain of Blame: How Wall Street Caused the Mortgage and Credit Crisis
By Paul Muolo and Mathew Padilla

Published this fall, Chain of Blame is one of the first books written about the sub-prime mortgage crisis that triggered our current recession. It was written by two California mortgage industry reporters who are witnessing the carnage firsthand in their region.

Their story uncovers the history and patterns of excess and bad judgment that extended from the federal government’s loosening of regulation and oversight to CEOs at companies like Citigroup, Merrill Lynch, Wachovia, and Countrywide who pursued acquisitions of sub-prime lenders and poor quality loan portfolios that devastated their companies.

This is one of the first post-mortems of this mess we are now experiencing. It’s a play-by-play of derivatives, syndications, and the spread of toxic paper, made in the U.S.A and exported around the world. If you can stomach it, it’s a comprehensive analysis.

Read more about this book (<http://www.amazon.com/Chain-Blame-Street-Caused-Mortgage/dp/0470292776>).



announcements

I just got back from a roundtable discussion of practitioners who specialize in exit planning strategies for business owners. The participants were from all over the U.S. Given that the financial investments of many business owners are declining in value, the focus of our discussion was on how to build value in the business with an eye to an eventual exit, with specific attention paid to current processes in personal and business planning.

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.