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trekking

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planning for 2009 – does your staff know better?

With the backdrop of deep global recession, many companies may feel a good way to control costs is by terminating employees. This type of approach indicates that senior management thinks of employees as a cost, not an asset.

For some desperate companies, this may be the only hope for survival. But for stronger companies who may be hurt but not killed by the recession, protecting and preserving the workforce should be a priority. When you lay off employees, you lose all that you've invested in them. You lose their experience of how to do the job. You lose their connections, inside and outside the company. You lose their ability to do their job effectively because of their knowledge of process and policy.

What's the answer? Employees know times are tough, and some firms are reaching agreement with staff to avoid layoffs by reducing hours, benefits, or salaries instead of layoffs.

To learn more about this trend, read this *N.Y. Times* article from December 22 (http://www.nytimes.com/2008/12/22/business/22layoffs.html?_r=1&scp=3&sq=avoid%20layoffs&st=cse).

a different approach

More than just retaining the work force, it makes sense to get feedback from the staff. A Strategic Conversations exercise with employees is an inexpensive way to extract information and benefit from the knowledge that your employees possess. You can ask about how the company can perform tasks faster or better or cheaper, and where there are areas to improve. By calling upon your employees, you demonstrate respect for their knowledge and opinion. You may even uncover keys to cost control and re-engineering.

Recently, we performed one of these exercises with the employees of one of our clients as part of the overall planning process for 2009. With the goal of finding the smartest and fastest way to do things, we asked what irritates employees about their jobs. What we heard back were ideas of how to get better efficiencies from existing processes, thoughts on the inadequacy of training, input about how systems could be used better, and feedback heard from their customers about the company's performance.



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Keep in mind that these opinions were from employees who have a perspective unique from that of the CEO or upper-level executives. All of the answers you get will not be 100% perfect or accurate. But where's there's smoke, there's fire. Your employees may be describing only a symptom of the problem, but you may reach the root cause with more digging and thinking.

The recession most certainly will threaten the revenue line. But by working smarter—not just harder—you can control the cost line to absorb some of the impact without carving apart your workforce.

Please read this related post by William Taylor (http://discussionleader.hbsp.com/taylor/2008/12/match_the_urge_to_purge_with_a.html), co-author of *Mavericks at Work*, which we reviewed in an earlier issue of Trekking.

reading list

Hot, Flat and Crowded

By Thomas Friedman

New York Times columnist, Thomas Friedman, recently completed his follow-up book to the best seller *The World is Flat*. The new work, entitled *Hot, Flat and Crowded*, extends some of the themes from the prior book, such as the rise of the middle class in India, China and Eastern Europe. And he repeats a dire warning about the causes of global warming and the dangerous path the Earth is on.

Friedman focuses on the opportunity for the U.S. to lead with innovation and technology to reduce carbon footprints and the volumes of greenhouse gases that cause global warming. This is a must read for those who want to learn about the causes of and possible solutions to global warming.

You can learn more about the author and this book by visiting his web site (<http://www.thomasfriedman.com/bookshelf/hot-flat-and-crowded>).

To see the effect on your company or those of your clients, check out this report on the impact of global warming written by the Pew Group (http://rs6.net/tn.jsp?e=001KrnP3y3TxEvEg8sbb7lBycxOi4HDQs2RoilZq3VGBpvFhBMjFquOgeAg35BSZAxNEcz0-oyqV3wsZvo0Vx7B3p7SJIFb62NyXAhUzHG1XaW8ITeZWObCXLCt7KnZG8Jjb dJFlt5Q96iGKjAvlRr8RuN_A7HNvwF).

announcements

On **Wednesday, January 21**, Gesmer Updegrove, in collaboration with the Exit Planning Exchange (XPX), will hold a forum on the topic of "Accessing Growth Capital in the Midst of Systemic Crisis: Who Is Still Lending and Investing? ...and How to Access this Capital."

Read more about this forum (http://exitplanningexchange.com/index.php?/xpx/sub/forum_for_entrepreneur_advisor_collaboration).

When: Wednesday, January 21, 7:30 a.m. to 9:00 a.m.

Where: Gesmer Updegrove, 40 Broad Street, Boston

For XPX members, there is no charge. For non-members, the charge is \$40 for pre-registrations (non-refundable). To pre-register, email Cheryl Warren-Powers at cheryl@exitplanningexchange.com or call 508.440.4104. Pre-registrations accepted until 4 PM the day prior to the event.

On **Tuesday, January 27**, there will be an XPX breakfast featuring planner Jay Steenhuisen, entitled "Philanthropy's Place in Exit Planning". Steenhuisen's work with high net worth families during the last twenty years has made him a leading resource in this field. In February 2004, *Worth* magazine cited Jay, along with Goldman Sachs and Bessemer Trust, as one of three primary resources for high net worth families seeking assistance with philanthropy.

Jay will explore specific examples of philanthropy's role in the life of a business owner while running the business, at the point of sale, and after the sale.

When: Tuesday, January 27, 7:15 a.m. to 9:00 a.m.

Where: Babson College

For XPX members, there is a charge of \$45 pre-registration (non-refundable); \$60 at the door. For non-members, the charge is \$75 for pre-registrations (non-refundable); \$90 at the door. To pre-register, email Cheryl Warren-Powers at cheryl@exitplanningexchange.com or call 508.440.4104. Pre-registrations accepted until 4 PM the day prior to the event.



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about trek consulting

Trek works with owner-managed businesses to develop action plans for growth. Trek also works with the owners to prepare for their successful exit by coordinating the resources necessary to increase and preserve the firm's value, creating the succession plan and assembling the right transaction team, financing and post-transaction plan.

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.



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