

## in this issue

Summertime...and the Living ain't so Easy

A Different Approach

### Reading List

*Inc. Magazine*, "The Business Owner's Bookshelf – 30 Books You Should Read and Put to Use"

Announcements

About Trek

# trekking

a newsletter on practical strategic thinking and action  
issue #62

## summertime...and the living ain't so easy

Most years, we roll into June and start looking ahead to the summer. The weather heats up, students get out of school; we find the bathing suits and make vacation plans. This year is different. The economy has been dealt a body blow. Many people have lost their jobs and are figuring out how to just get by. Many of those still working are concentrating on reducing their debt and cutting back on vacations. The atmosphere in general seems much less about summer fun and much more about serious life decisions.

Given that the recession began in December 2007, companies already have endured eighteen months of difficult business conditions. And at this point if you are still in business, your company falls into one of three basic groups: those who are thriving, those who are surviving, and those who are dying.

Unfortunately, many of those in business do not take the time nor have the insight to truly determine in to which of these categories they fall. Business owners and the advisors who serve them need to acknowledge where their companies stand. Here are a few sign posts to look for in each area:

- **Thriving:** Sales are up and the general company morale is up. There's plenty of liquidity, and bankers smile when you enter the room. This group is made up of tech firms (likely early stage), Wal-Mart and other big box discounters.
- **Surviving:** Sales are flat or only down slightly. Bank lines are still in place, albeit with higher interest rates and fees. Morale is cautious, and the overall outlook is satisfactory but uncertain; some layoffs have taken place. Collections on receivables are slower, and cushions are gone. This group sadly represents most of the U.S. industry.
- **Dying:** Sales are down dramatically. Serious job cuts have taken place. Credit lines have been pulled or interest rates jacked up. Capital is badly needed, and bankruptcy is a feared possibility. In this group we see U.S. carmakers, mortgage companies, luxury goods retailers and all those companies that are woefully undercapitalized.

**trekconsulting**  
fresh information. smarter decisions. great results.

## a different approach

Knowing where your company falls into this set of three groups is a major part of the battle. But the big question remains—once you know, what can you do about it?

**If you are thriving**, you can consider (albeit warily) acquiring the businesses or the assets of your market challengers—taking advantage of this time to consolidate your market, eliminate some competition, and add some better personnel and technology. This is a great time to get bargain basement prices for companies or assets in distress situations.

**If you are surviving**, you have made it through the last eighteen months but have lost significant ground since the economic trouble started. As survivors, you may emerge on the other end of all this stronger for the experience, but likely scarred, fatigued and weaker financially. However, survivors can position themselves for growth on the back end by implementing better systems and processes, hiring smarter employees, and developing a tighter market focus. If you are smart, you can come out of this in 2010 ready for sustainable growth again.

**If you are dying**, you might have been undercapitalized, had out-of-favor products, or were not able to withstand brutal competition from overseas or big box retailers. These bankruptcies and closings hurt employment, but they are an inevitable phase of capitalism. You should take a hard look at what it would take to recapitalize or sell. Who would want what you have left? Can you get guidance from a workout consultant without having your creditors foist them upon you? Can you step back and consider these alternatives objectively?

News reports talk about the U.S. economy “hitting a bottom.” If you are an advisor to business owners, now is the time to help your clients identify if they are thriving, surviving or dying—it is critically important for the work you do and the results you can reasonably hope to achieve on their behalf. If you are a business owner, you should not waste any time in determining what category you’re in, what that means for your company, and how you should proceed from here.

---

## reading list

### ***Inc. Magazine*, “The Business Owner’s Bookshelf – 30 Books You Should Read and Put to Use”**

Normally in the summer, you can sneak off to the beach with an adventure or trashy romance novel to take your brain off its normal fast pace. While you may want to do that again this summer, you may also want to read a business book to keep sharp. If so, check out *Inc. Magazine’s* April 2009 issue, “The Business Owner’s Bookshelf – 30 Books You Should Read and Put to Use.” (<http://www.inc.com/magazine/20090401/the-business-owners-bookshelf.html>) If you feel guilty



about not looking like you're relaxing, you can always hide one of these inside a sports or fashion magazine...nobody will notice.

In keeping with the theme of today's new frugality, your local library likely can get you these titles at no charge. If you must own them, Half.com or Amazon's used books are great places to shop as well. *Inc. Magazine* (<http://www.inc.com/>), by the way, is a very reasonably priced monthly that consistently contains great nuggets of information to help your business or that of your clients.

---

## announcements

On Thursday, June 11, The Exit Planning Exchange (XPX) will hold a breakfast meeting entitled, "Closing an M&A transaction AFTER the Meltdown: The Owner-Advisory Team Beats the Odds and Gets It Done." Panelists will describe a transaction of the purchase of a company in November, 2008 and the impact of the economic turmoil on the process. For more information and to register, visit the Exit Planning Exchange ([http://exitplanningexchange.com/index.php?/xpx/event\\_detail/84](http://exitplanningexchange.com/index.php?/xpx/event_detail/84)).

---

On Thursday, June 18 and Friday, June 19, Pinnacle Equity Solutions will hold a two-day workshop on exit planning for advisors to business owners at the Norwood, MA Four Points Sheraton. For the agenda and to register, go to [www.exitstrategytraining.com](http://www.exitstrategytraining.com) or call Juliana at 781-821-2608. The workshop is worth 18 CPE credits and 12 credits for CFPs and insurance.

---

## 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](http://www.trekconsulting.com) or call us at 781.729.1008.