

# The CEOs Checklist for Leading Your Company Through a Recession

## ✓ CEO Driven Activities

- surround yourself with good advisors and seek their help
- focus on sales and staying close to customers
- continue spending on sales related activities
- focus on activities that increase cash flow
- use zero base budgeting and forecast on rolling 12 month basis
- make a cash forecast and action plan for sales down 30%
- forecast cash flow biweekly
- look for opportunities to pick up outstanding people, gain market share and make acquisitions
- cut out weak performers
- if you lay off staff, do it in 1 big whack instead of constant salami slices.
- involve key employees in expense reductions
  - will they reduce hours rather than laying off staff
- keep your banker updated on company health ( no surprises)
- draw down credit line and stash money in money market fund at separate institution
- stay within loan covenants
- cut spending on all non core activities
- consider postponing pending capital investments
- reevaluate ongoing “J curve” investments
- talk to employees often about state of company and what you are doing
- be a force of positive energy in the company and smile a lot



## ✓ **Accounts Receivable**

- look for changes in payment behavior
- offer discount for prompt payment
- follow-up collection efforts with email & phone (squeaky wheel theory)
- offer payment by credit card
- get deposit with order
- enforce credit limits
- charge interest on delinquent accounts
- negotiate a payment plan with customers who say they can not pay
- eliminate slow pay customers
- invoice more frequently
- send invoices promptly
- send invoice via email instead of post
- don't pay sales commissions until customer pays invoice
- hold shipments for slow pay customers

## ✓ **Inventory**

- monitor turns by item
- know lead times by item
- improve accuracy of sales forecast
- delete products in bottom 10% of sales
- write off stale inventory (sell on E Bay)
- investigate drop shipping to customers by suppliers
- ship partial orders
- investigate consigned inventory
- focus on big ticket items
- rate suppliers on shipment accuracy
- bonus employees for ideas to reduce inventory



### ✓ **Equipment**

- make strong economic case for critical need before issuing P.O.
- explore outsourcing the need
- rent or buy used
- press supplier for long term financing or lease

### ✓ **Accounts Payable**

- take discounts
- negotiate extended terms up front
- test vendor's pain threshold: how long can you delay paying
- look for bargains

You are invited to attend our next open meeting, January 28, 2009 7:30 a.m. -9:30 a.m.

RSVP to Donna Hover, 248-284-5605

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