



Restructuring ■ Acquisitions ■ Sales Leadership

100 Cummings Center, Suite 322J, Beverly, MA 01915, USA  
lan.smith@portfoliopartnership.com  
www.portfoliopartnership.com

## # 2 Cash is King

Times are tough. How do you manage a business differently in a global recession with a credit crunch thrown in for good measure? You stay calm. This market gives you a mandate to conduct a root and branch review of your business. Nothing is taboo. Think like a start up.

**Strategy & Sales:** Refine your compelling story of who you are, what you do best, based on recent successes. Keep it simple and sweet. Build ROIs that are impeccable and conservative. Share successes with staff. Keep moral high. Under promise and over deliver to customers and staff! Don't talk about what you will do just do it and only share with staff successes done not promises. Eliminate unprofitable customers. Optimize channels to market using new models. (hint: look at the competition). Create Client Engagement Strategies and drive your simplified value proposition. Incentivize happy customers to speak out. Shorten feedback times from sales staff to product development. Constantly sharpen your message to align with market needs.

**Costs:** Rip up job specifications. Build performance profiles describing the essential tasks. Match people to performance profiles. Merge jobs and redefine accountability. Be cynical about roles that don't directly support sales or cash generation. Draw up your talent pool; identify stars, gaps and bad fits. Action changes quickly – pleasant and unpleasant. Promote early. Take out layers of management. Educate staff on why you are doing it. Do it quickly, compassionately and once. Constantly measure and reduce the acquisition costs of new customers. Demand to see the ROI for all marketing expenditure. Don't accept that it can't be measured. Simulate a dozen P&L and cash flow scenarios by building financial models directly linked to policies. Visualize a cheaper cost structure in real time, playing with every possible policy. Dispense with silo management. Build cross functional teams to get the job done.

**Cash:** Review every procedure connected to cash generation. Queries hold up cash. E.g. a \$100k invoice with a \$20k query is holding up \$80k needlessly. Don't let it happen. Design efficient query resolution systems. Use calendars (diaries) relentlessly to document cash promises made by customers. Move to an on line payment system. Look for more stage payments. Build payment terms into sales negotiations. Ensure commission structures reflect cash received. Build sales teams into credit control strategies. All essential CAPEX should be leased to conserve cash.

**Business Model:** Revisit how you make money. Understand the volume and yield drivers. Only two things move a balance sheet, cash flow and profit and loss – volume and yield. Sales move because price, volume or both move. It's that simple in any currency, in any market. Salary costs go up -- you paid more people, or salaries increased or both. Volume and yield. Go back to basics. Play with ways of increasing margins.

**Summary:** Every single employee has the potential to post an essential cash generating idea to the boss. This is a time for myopic focus on the clarity of your message and the cheapest way of delivering it.



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### Checklist to consider

- Visualize a more profitable business
- No bonuses except sales commission
- Job Specs out Performance Profiles in
- Aggressively seek missing talent
- Make headcount reductions compassionately, quickly and once
- Revisit the effectiveness of all outside advice
- Revisit all channels to market given new technologies
- Cut meetings
- All reports reduced to one page action items
- Invite all staff to suggest cash generation ideas
- Receivables slipping by just one day costs a \$100m company, \$30,000 in interest charges
- Drop unprofitable customers
- Build cash payment terms into customer negotiations
- Revisit volume discounts
- Link sales commission to cash received
- Focus on why you are remarkable
- Communicate results to staff not promises
- Inspire with vision, lead by action