

SURVIVING THE RECESSION NOW... AND GAINING EVEN GREATER BENEFITS IN THE FUTURE



IMPROVING PROFITABILITY

By Roman Fedirka, Fedirka Associates, Inc.

Currently, there are debates as to whether we are in a recession, or coming out of a recession. But one thing we know . . . when it comes to the long-term health of your business, neither condition matters.

The fundamental principles of a successful business never change. Things just become more magnified when the economy is working against you. When you're busy putting out fires every day, it's difficult to even think about assessing the health of your business or to make necessary changes. You might think that seeking out new market opportunities and customers, re-organizing your personnel, changing delivery patterns and methods, modifying the storage of materials, restructuring plant layout, etc. should be done when things are running smoothly and profitably. Not so. Besides, why make changes when you are succeeding and "hitting on all cylinders?" When times are good, it's very easy to become complacent—which can only lead to trouble. Economic downturns are the ideal time to explore new opportunities and ways of doing things.

One thing's for sure. A company whose sales are decreasing or remaining stagnant could be a DYING company. A downturn in business can be a frightening experience. In a recession, most companies experience stagnant or reduced sales and appear to be dying. Although recessions come and go—poorly run companies only "go."

Revamping your business when cash is in short supply will not only help stop the "bleeding" but will also pay huge dividends in the future. Specifically, if you make changes such as downsizing your staff, vehicles, fringes, equipment, inventory, etc. and rearranging facilities to be more efficient, your future expenses will be lower thereby creating even more profits and cash for you to enjoy. An efficiently run company will give you a competitive edge for years to come. A fairly priced product or service will always be in demand in the marketplace—recession or not.

For 25 years, FEDIRKA ASSOCIATES, INC. has helped companies real-

ize their maximum potential in good times and in bad by applying sound business practices. Helping companies survive recessions—both general economic and specific industry downturns—is a specialty. Small to medium size companies that experience a lack of sales often resort to price slashing. This causes confusion—both within the company and in the marketplace. More effective solutions can be reached by investigating and analyzing a company's true underlying value, and exploring other opportunities in the market and within the company. "Hidden" assets are often found that can put more money on the bottom line.

For example, FEDIRKA ASSOCIATES suggested changes in the structure of the distribution and pricing policies for a manufacturer of contemporary high-end outdoor furniture. Originally, the owner believed that he would either have to close down the business or sell it. Implementing our recommendations significantly increased productivity and profitability and attracted several bona fide buyers. All three offers were rejected—even the one for almost twice what he thought the company was worth! He chose to continue running the business and felt confident enough to travel the world while his company kept churning out profits and cash.

The business professionals on our staff have succeeded in top management positions in corporate America. Moreover, many have also owned and run their own businesses. At FEDIRKA ASSOCIATES, we all find it personally rewarding to pass along lessons we have learned to other entrepreneurs, thereby helping them grow their bottom lines and ensure long-term survival in an ever-changing world.

Some cost cutting measures, such as reducing payroll, may be obvious, but implementation may be very difficult.

(See "Improving Profitability" on page 58)

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IMPROVING PROFITABILITY

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Loyalties to long time employees who may even be family members make this a gut-wrenching decision. But reducing payroll is only one of the many ways to bring costs under control.

Over the years, FEDIRKA ASSOCIATES customers have reaped many benefits from our guidance. An engineering design and service company for commercial building fire-alarm-and-sprinkler-systems, plus security and communications systems needed to substantially increase profitability. After achieving that goal by correcting weaknesses in service and pricing on new projects, a major public company expressed an interest in acquiring the company. Again, we helped present and negotiate a lucrative offer with the buyer that far exceeded the seller's expectations. He turned it down, however, only because after implementing our recommendations, he found he was making plenty of money and having too much fun running the business.

In contrast to traditional consulting groups, FEDIRKA ASSOCIATES prefers to work on short-term assignments. By

completing our investigations and analyses in an expeditious manner, we can make suggestions and recommendations on the spot. If you need assistance in implementing our recommendations, our highly-trained, expert staff will roll up their sleeves and get it done for you!

In addition to assessing and improving a company's operations and its administrative and marketing activities, FEDIRKA ASSOCIATES provides a conduit between client companies and their banks. Very often entrepreneurs view banks as partners. Nothing could be further from the truth. Maintaining a healthy arms-length relationship with your bank is very important—not only in recessionary periods but also when you need additional capital to expand.

Recessions can be very stressful. In the collective experience that spans hundreds of man-years, our staff has been through many downturns. We can help you get through this one. Don't hesitate to contact FEDIRKA ASSOCIATES for a FREE CONSULTATION. Ask for ROMAN — 484.645.4866; RFedirka@Fedirka.com. ■

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