

TOUCHPOINTE

Top 10 Business Solutions

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"It was the best of times, it was the worst of times; it was the age of wisdom, it was the age of foolishness; it was the epoch of belief, it was the epoch of incredulity; it was the season of Light, it was the season of Darkness; it was the spring of hope, it was the winter of despair; we had everything before us, we had nothing before us; we were all going directly to Heaven, we were all going the other way." – Charles Dickens, "A Tale of Two Cities"

Many of us have seen recessions come and go, and often, they hardly seem to have had an impact on our businesses and families. Not so today!

Perhaps this season of doubt and uncertainty is best captured in National Right Track/Wrong Track polls from Gallop and others, which record historic pessimism.

But none put it more evocatively than Dickens.

The good news about the current environment is that few would argue that the status quo is satisfactory.

Often, the problem confronting improvement efforts is justifying the need

... providing the motivation. Today, with the wolf figuratively at so many doors, few will oppose changing course.

It is essential now to re-examine operations and operating assumptions and make significant changes where needed. Or, in other cases, understand where opportunity presents an opening. In such circumstances, most of the team can be brought on board, since today, everyone's focused on survival.

It's truly a time of survival of the fittest. Many famous names like Mervyns and Circuit City have closed and they will be joined by many, many more before this has run its course.

Employed properly, creatively, and sensitively, this present

mood-environment is a window of opportunity to refocus your organization. Strategic and operational changes can be made now which will contribute to its survival and long run profitability.

That surely, is the good news. As for the bad news, it is on the covers of our newspapers and on our televisions confronting us with a daily barrage of dread and deceit.

What can we do? What should we do? For do, we must!

For those looking for actionable ideas, we came across a talk given by John Doerr, the Senior Partner in one of Silicon Valley's premier Venture Capital firm, Kleiner Perkins Caufield & Byer (www.kpcb.com). We have slightly edited his presentation to address needs of the larger business community beyond startups. (We assume responsibility for the ideas expressed here.)

Doerr suggests speed and action, while husbanding cash. Those ideas are expanded below from a list he provided New York Magazine's Contributing Editor, John Heilemann, in his interview at the Web 2.0 Conference on November 5, 2008 in San Francisco.

Key Principals/Actions:

1. Cash Is King – Husband It
2. Act Decisively – Act Now and Act with Speed
 - a) Secure financing
 - b) Focus on core

markets/business

- c) Make Necessary Cuts
- d) Often businesses/divisions should be sold

3. Protect Your Core

- a) Don't take an axe to the vital core of your business
- b) Cut once
- c) Cut deeper than you need to
- d) At all costs, avoid repetitive cuts

4. Everybody Sells

- a) "If you aren't out selling your being out sold"
- b) Everybody from the engineers to the receptionists are out selling the company's value proposition

5. Improve Your Vision

- a) Get on top of leading indicators/analytics for your business
- b) Get an indicator that moves months before the sales
- c) Get updated with it as frequently as possible
- d) Make sure all in the organization focus on it and know you live by it
- e) Need to be ahead of the wave
- f) Need to avoid drowning in the tsunami, that follows the wave

6. Communicate

- a) Err on the side of over communication
- b) Keep everyone in the loop

7. Instill Hope

- a) Cut expenses but keep hope alive

Cash is King – Get It, Husband It

1. Marshall Liquidity
 - a. Use very conservative sales forecasts
 - b. For early stage companies, have 18 months of cash available (normally 12 months). For later stage companies increase your cash reserve by at least 50%.
 - c. Talk to the investors – Try to get investment commitments now so you know where you stand
 - d. Perhaps a convertible note priced to market at time of the closing
2. Minimize Cash Out: Limit Major Capital Expenditures
 - a. Buildings & Equipment
 - b. Tech infrastructure
 - c. Software
3. Refocus CASH to essential R&D Priorities
4. Renegotiate All Cash Commitments (all Contracts including Leases)
5. Equity Bonuses: Recognize Superior Performance with Equity (Not Cash)
6. Keep Cash Secure -- Keep Cash in Treasury Securities (Nothing Else is as safe)

(Michelle Patterson is founder and managing partner of TouchPointe headquartered in Ladera Ranch. TouchPointe is a senior level consulting and recruiting firm, that provides support in IT, HR, finance and accounting for small and mid-sized companies, so they can focus on running their business. You can contact TouchPointe at 949-218-0866 or at www.touchpointe.com.)