

Gloppportunity

Your Global Once-In-A-Lifetime Opportunity

The Book

Geoff Colvin; The Upside of the Downside: Ten Management Strategies to Prevail in the Recession and Thrive in the Aftermath

Speed RAP

The Global Financial Crisis is your *Global once-in-a-Lifetime Opportunity*. Every downside has an up and the smart operators are getting ready right now. A shaken up business landscape presents a host of openings for you to profit from. Scan your market, talk with your customers, rewrite your plans, jump start your team and capitalize on your money.

The Big Idea

A re-configured global economy awaits your imprint. It's a time for change. Some organizations/industries will wither and die, others will survive and thrive. The aces in your pack are novel customer preferences, leadership opportunities, refreshed industries and a mandate for changing corporate culture. This is your launching pad for a bold, newfangled future.

Your Challenge

This could be the big break you've been waiting for! Switch from defence to attack and start preparing yourself, your team and your organization to grab the jewels right in front of you. It's time to gobble your Gloppportunity. Ready, set, go!

RESOURCES : anything you use to generate wealth.

ACTIONS : an act of will, a deed completed.

PROFITS : to gain an advantage or benefit.

Contents : Gloppportunity

Book Rapper Issues are not direct summaries of the books we review. We take what we consider to be the most important ideas from the book. We then re-package these key ideas so you can easily digest them in about 30 minutes. We also make it clear how you can take decisive action to benefit from these insights. In some parts we follow the book closely and in others we add our own models and interpretations. Given the **Book Rapper** Issue is much smaller than the book we may not cover each chapter. If you want more details than what's in this issue, '*buy the book*'.

BR Review : The Upside of the Downturn

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Loppportunity : A once-in-a-Lifetime Opportunity

Gloppportunity : A Global once-in-a-Lifetime Opportunity



MY NEW BEST FRIEND

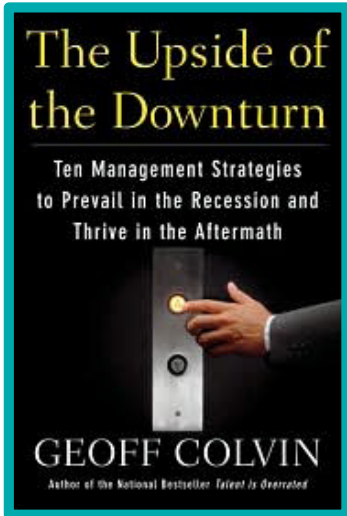
Whilst writing this issue, I read Sam Horn's *Pop*. It was a big help and a lot of fun to come up with the juicy words like 'Gloppportunity' and some of the reworked cliches as our RAP headings.

Read it! It's tasty, it's useful and could spark ways to package your ideas to fill your buckets full of money.

Sam Horn, *Pop: Create the Perfect Pitch, Title, And Tagline for Anything*; Perigee, Penguin Group; New York; 2006.

BR Review : The Upside of the Downside

Geoff Colvin; *The Upside of the Downside: Ten Management Strategies to Prevail in the Recession and Thrive in the Aftermath*
Portfolio, Penguin, New York, 2009



PRÉCIS

So, we've been in a global recession. Now what? What's the best way to respond? What's the best way to move forward? What opportunities are hidden in the downturn? How will your industry evolve to accelerate the Upturn?

The Upside of the Downturn prepares you for taking advantage of the Global, Once-in-a-Lifetime Opportunities from our global recession.

FEATURES

- The opening chapter highlights the potential opportunities to help us rise from the downturn.
- An insightful explanation of the causes of the current situation.
- Ten chapters and ten key areas of business highlighting current opportunities.

BENEFITS

This book will change how you see the Global Financial Crisis and present a fresh look at the opportunities now available to you. In particular, it offers ways to gain advantage on your competitors and shake-up your industry.

WHO'S IT'S FOR

Are you up for a challenge? Are you ready for new opportunities? Then this book's for you. It's aimed at the big end of town, US centric and broad enough for everyone in business to gain some insights.



GEOFF COLVIN

You may remember Geoff from our earlier issue *Anti-Self-Help*... That issue was based on two books, one of them Geoff's earlier best seller *Talent is Overrated*. He's our first author to have two Books Rapped. Enough said!

He's also *Fortune's* Senior Editor at Large (sounds like he escaped!). And, he authors its popular column *Value Driven*. Geoff's also a regular on TV who lives in Fairfield Connecticut.

www.GeoffColvin.com



BOOK RAPPER THINKS...

Disclosure : This book was a gift from the publisher.

When I first received this book, I thought it was a little late. The first green shoots of economic recovery were appearing and well, I thought we'd just get on with things. I promised the publisher I'd read it and blog about it. I didn't promise to do a complete issue on it.

Yet, the more I read it, the more I realized Colvin was speaking something more fundamental.

Not only was he discussing business basics, which is an ever useful reminder, he put the GFC into a fresh context.

He was pointing to the big opportunity that now lies in front of us. This book is the perfect antidote for re-charting, or at the least, rechecking your intended course.

Read it with a view to spotting opportunities you previously hadn't considered.

RAP1 : The Gloppportunity

PROFIT : The Global Financial Crisis presents a Global Once-In-A-Lifetime Opportunity to transform your business and take a lead in your industry. It's also your personal Loppportunity to go where no one has gone before.

THE MOUNTAIN

The Global Recession has been a period of extreme stress and challenge.

Individuals have lost jobs, income, assets, lifestyles, careers and hopes for the future. Organizations have gone bankrupt, sacked staff, lost contracts, sold off assets and struggled to stay afloat.

However, the worst of times can be the best of times.

In the *TourDeFrance*, the leaders don't attack on the flat. They wait for the mountains where the biggest gains can be made.

The GFC is a mountain stage. It's where dramatic competitive change is taking place. It's where the top performers are taking the lead and stretching their advantage.

Where are you at? Waiting for the flat or attacking the mountain?



WORLDWIDE

Whilst not every country is in recession, all have been impacted and are facing new challenges. With a worldwide impact, your opportunity is enormous. Think glocal!

SEVERE

It's almost impossible to get people to change when times are good. Why would they? However, when times are tough, this could be the mandate for change you've been looking for!

DEEP

Out of the Great Depression of the 1930's a whole generation changed their values around debt, savings, buying and investing. A similar deep change is impacting the psychology of the buying public today. And, possibly for many years to come. New consumer attitudes promote fresh ways of doing business.

LONG

A long recession will weed out the weak. To survive you'll need to be hardy and strong which merely primes you for future opportunities.

NOVEL

Most managers have never experienced such an event. Consequently, there's no rule book for what to do. Opportunities will favour the brave who can uncover what is really going on in their industries. And, then develop bold new initiatives to profit from the new landscape.

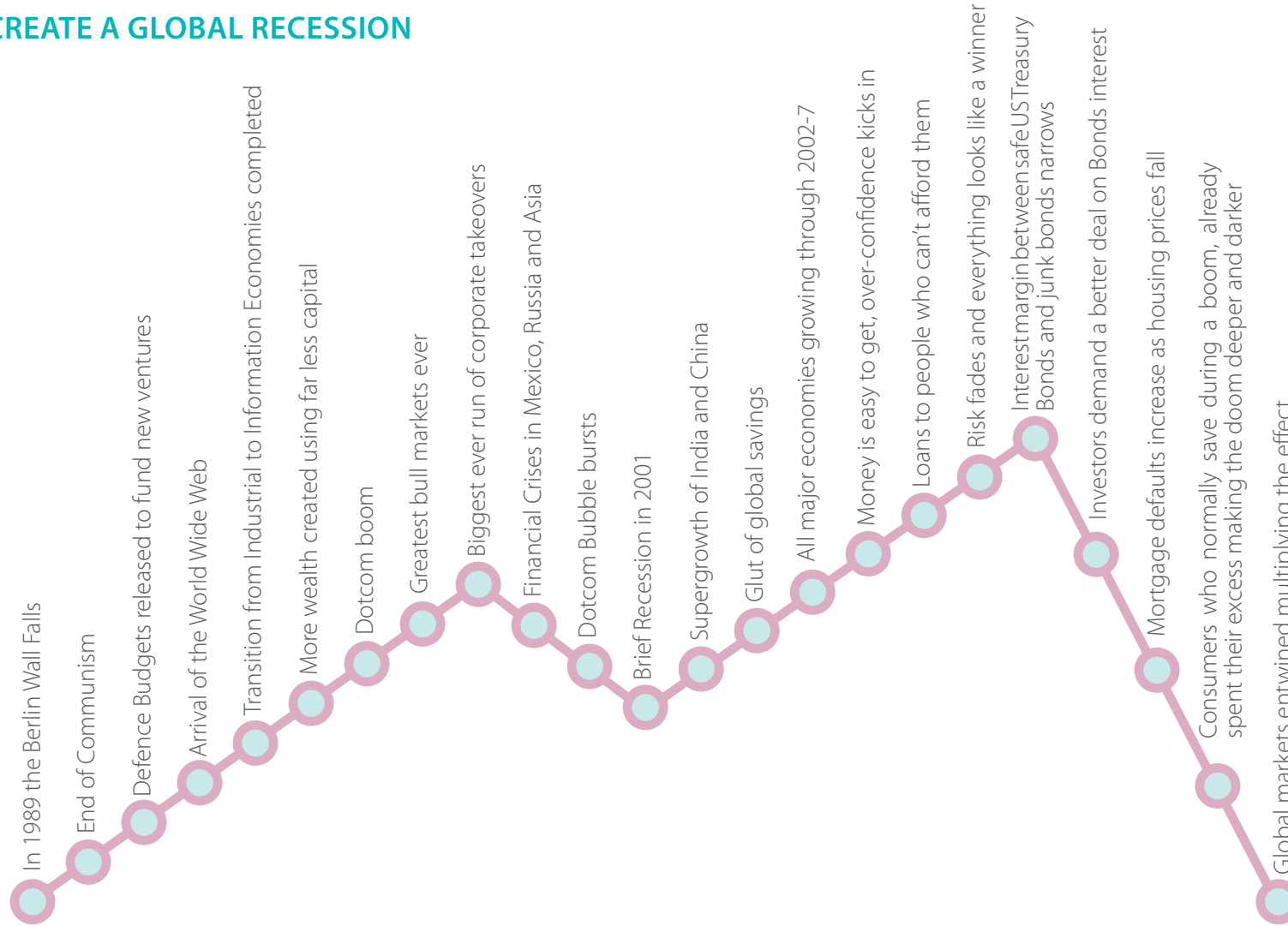
PERSONAL

In the face of personal hardship, leadership is often sparked. Normally, we have to push ourselves forward. In today's climate, we are automatically provoked to deal with the situation facing us. What new ways of operating will you develop to move ahead?

RAP2 : Once Upon a Downtime...

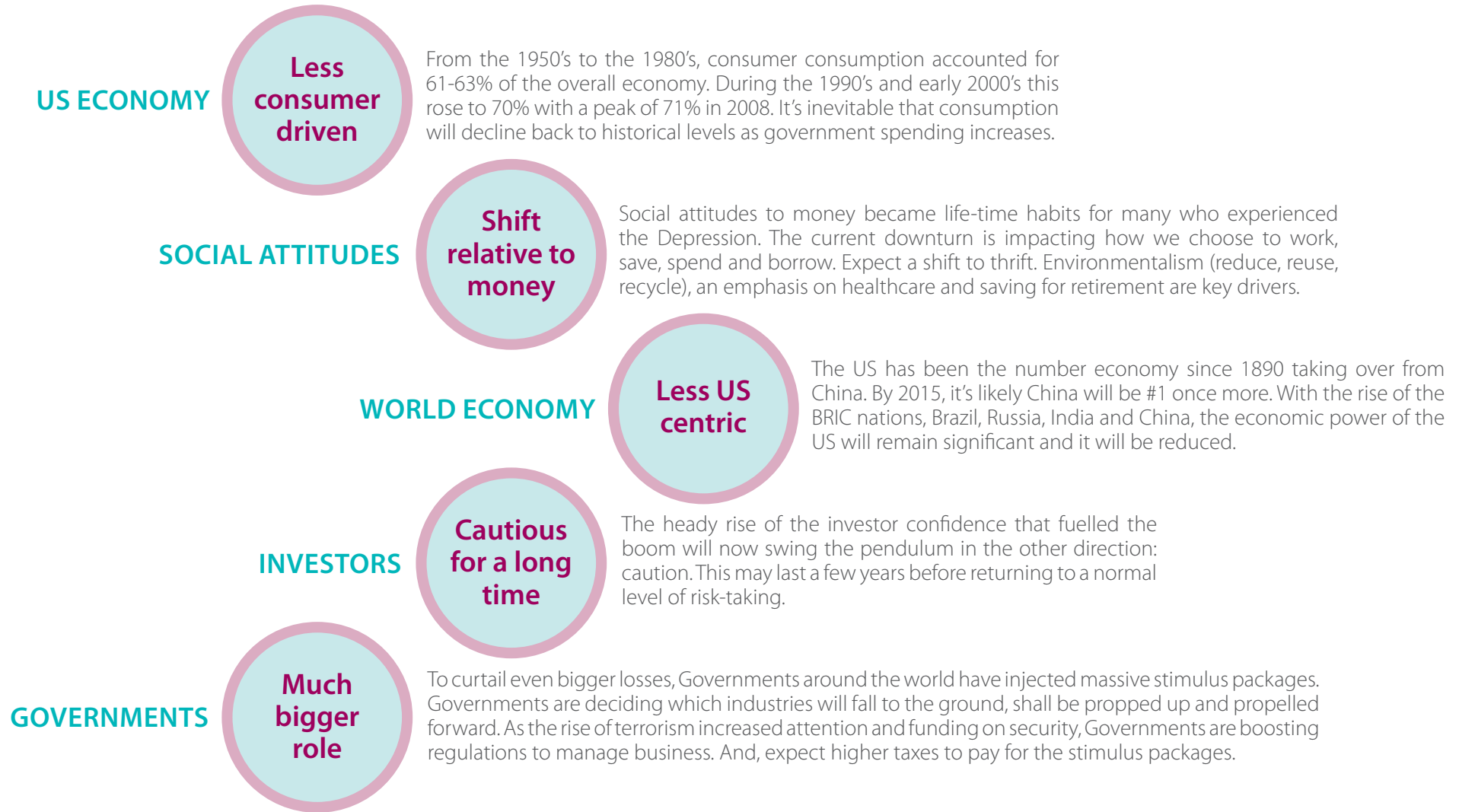
PROFIT : One of the most powerful strategies for dealing with a difficult situation is to put it in a new context. The downturn we've experienced can be reconsidered as part of a bigger story that starts with the fall of the Berlin Wall.

HOW TO CREATE A GLOBAL RECESSION



RAP3 : Putting the New in Normal

PROFIT : Like the scars of erosion left behind after a flood, as we emerge from the current downturn a new economic landscape is being crafted. Some of the impacts will be short-lived, others will leave a longer legacy. Here's five components to the New Normal for you to consider.



RAP4 : Stop Following In Your Footsteps

PROFIT: When a crisis hits, you need to stop what you were doing and focus. Your first priority is to reset your priorities. Check the assumptions your previous goals were based upon. Are they still valid? What's changed? Here's six key areas of your organization to review.

FINANCE

What are our Strengths?

It's time to confront the new reality and admit your previous projections no longer hold true. Whilst waiting for more data is comforting, you may need to move forward with an incomplete picture. Review your cash. Is it flowing? Do we have reserves? Check your access to capital. Can we continue as planned?

COMPETITION

Where's our advantage?

What's your competitive advantage? Has it changed? Has the economic tidal wave washed away your industry? How have your competitors fared? Have they survived? Look for new companies stepping into your market. For instance, top-end, higher priced services may now be battling cheaper alternatives. How do your costs compare to others in your market? Is this an opportunity or a challenge?

GOVERNMENT

What are the new regulations?

As is typical of a recession, Government have stepped into take a bigger role. In the case of banks and insurers, governments may have even taken direct ownership. What are the new rules and regulations impacting your industry? Expect an increase in protectionist thinking to stabilise and protect specific industries. Also, expect a tax rise to pay for the economic stimulus packages.

CUSTOMERS

Today our Customers' want...

If the downturn has provoked you into changing your business, it's likely your customers have changed too! Talk with them and find out how they're travelling. How has their discretionary spending changed and what impact will this have on you? What do they need most right now? Is credit important to them? What new preferences do they have?

REPUTATION

What do we stand for?

Who you are and what you stand for increases in importance in tough times. Dependability. Reliability. Integrity. These could make the difference as your customers re-select who they'll partner with.

RISKS

What to look out for now?

In high-flying times, risks seem to vanish. Now, they're back in full focus. Review your concerns to move forward. Is it your debt levels? Your operating costs? Your reputation? A change in customer attitude?

RAP5 : Not Firing on all Cylinders

PROFIT : In the Age of Human Capital, your most valuable asset is your people. Are you spruiking this or living it? Whilst the temptation to slash staff in a recession is pressing, this may not be the best way forward. We consider how to manage your people for long-term value.

WORK HAS CHANGED

The last major world recession was 25 years ago.

Since then work has changed.

The manufacturing based world of 1984 has been replaced by an increasing emphasis on information and, ultimately, people.

Physical assets are now less valuable and human capital more so.

In this context, the temptation to slash staffing levels may be a short-term fix that might fall apart in the near future.




Pay For Performance

SMART PAY

Smart pay relates pay to performance. If times are tight and everyone takes a step back then you can consolidate your community. If times are good, then you can share some around.

The downturn is a great time to review how you pay your performers.

It's also a time to find out who your loyal team members are. Do you have a team of stars who expect to be treated differently?



Sharpen Your Saw Now!

SMART TRAINING

Typically in a recession, training and development is one the first things to be slashed. Does this send the right message to your people?

Whilst formal classroom training may be costly, there are other ways of learning. For instance, managers could have conversations with their teams to explore ways to enhance performance. This could be free!

Smart training adapted to the new environment could also be the competitive edge to help you leap past your market foes.

THE REAL COST OF LAYOFFS



Expensive

Layoffs are expensive in direct costs when you add up all the benefits and severance pay. Layoffs may not actually save you money or help your cash flow.

Time Consuming

Hiring and training of new employees during the upturn swallows irreplaceable time, chews valuable resources and eats into your money.

Knowledge Loss

Every night the working knowledge of your organization walks straight out the front door. Do you want that knowledge gone for good?

Productivity Loss

Layoffs cause productivity losses for those who remain. Rumours, looking over your shoulder and wondering who'll be next is not conducive to good performance.

Reputation Hit

Your reputation as a good place to work takes a hit when you displace your staff. This makes it more difficult to attract the top performers when times are good.

Leadership Void

Culling your crop now may create a leadership void later. Where will your future leaders come from if your best are leaving now?

Health Cost

Research shows the health of those who remain behind after layoffs often suffers. This can cost your organization in hidden staff costs.

RAP6 : Put the Crowd in the Game

PROFIT : The Depression changed the rules of business and government. Whilst today's crisis is not as big as the Depression, similar changes in relationships are occurring. Review your relationships with customers, the general public, government and investors.

CUSTOMERS

Now is the best time in history to start communicating with your customers. The one-way channels of advertising and PR are being surpassed by the two-way channels of the internet and social media. Talk with them and find out how you can help each other.

Talk with Them

New Powers

SHAREHOLDERS

In response to the financial crisis expect shareholders to gain new powers in corporate governance shakeups. For instance:

- Majority voting for directors
- Shareholder access to the proxy vote
- Review of voting procedures for Shareholders

THE GENERAL PUBLIC

The 2008 edition of Edelman's 'Trust Barometer' showed in the US that 77% of the public trusted business less than before. Unsurprisingly, the banks and the auto industry were least trusted. This begs the question, what traits do the general public admire most about corporations? The answer: A strong stable strategy, particularly in unstable times.

Strong Stable Strategy

Expect Change

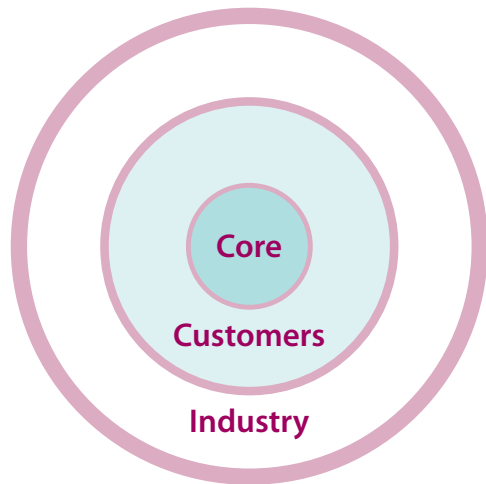
GOVERNMENT

Expect a rise of big government in four ways:

- New regulations around leverage and risk - Hopefully, to avoid future lapses.
- New regulatory frameworks – something went wrong to cause the downturn and governments are likely to want to fix it with new rules and codes of behaviour.
- Protectionism and other employment programs – Expect a backflip on global agreements in attempts to protect local interests.
- Wider spread of government activism that may not be directly impacted by the downturn.

RAP7 : Worth its Weight in Bold

PROFIT : A change in the global environment and a change in customer attitudes adds up to one thing: Gloppportunity! To take advantage of this you'll need to review your Business Strategy and your Business Model. Here's three key questions to ask yourself...



OUR CORE?

Is the middle of a recession a good time to invest in a new expensive project? That depends on your level of conviction and the importance of it to your business.

The luxury brand *Giorgio Armani* opened a mega retail store in the heart of Manhattan in the middle of the downturn. Would you?

During the Depression, *Du Pont* at first slashed its budget for R&D.

After three years of struggle they realized they were compromising their future. They reversed their earlier decision and reinvested in innovation.

The results were nylon, neoprene and other products that earned *Du Pont* billions of dollars in coming years.

If you know your core, then investing in it is an easy question to answer.

OUR CUSTOMERS?

The Depression generation's values around money and saving are well known.

How are your customers changing in response to the current global downturn?

If you can spot the shifts your customers are making before your competitors you may profit by leading your industry.

Some areas to consider:

- Ultrasafe investment opportunities is an obvious one.
- Is it time to introduce a less expensive offering?
- Consumers are likely to spend less on eating out, leisure and entertainment.
- They're more likely to spend more on health care, personal insurance, superannuation and education.

OUR INDUSTRY?

Dramatic circumstances tend to accelerate long-term trends. For instance, newspapers have been in decline since the internet took hold. A shortage of classified advertising dollars has accelerated their demise.

Is the downturn accelerating or causing a dramatic change in your industry? If it is, what impact will this have on your organization? This could be the source of your Gloppportunity!

Some areas to consider:

- The big old product based industries, like newspapers, will decline quicker.
- Consider Co-creating your products with your customers to match their new, possibly undefined, wants. Focus on allowing the customer to create their own unique user experience.
- Build your brand in developing countries. The BRIC countries (Brazil, Russia, India and China) are stepping up the ladder from low-cost goods to branded items.
- Build your Creative Side. The shift from Industrial to Information is a shift from production to design. The *iPod* is the poster child of this change. Invent the future and win!

RAP8 : Flow Me the Money

PROFIT : Our business system is called capitalism because it's all about the capital. That's the reason we're in business – to give us a better return on our money. We put money in to get more out. It's called profit. Smart decisions about your money are always important, more so when money is tight. Here's three capital ideas to sharpen your money mind.

How do you win your game?

CAPITAL GOALS

What you focus on is what you're most likely to get.

What are you focussing on around your money and your capital?

Where is your money stored?

Are you slashing costs? Boosting revenue? Massaging cash flow? Shifting inventory? Drawing upon reserves?

How do you flow your cash?

The recession has changed the game for many organizations and many industries. What was previously acceptable for a healthy business may no longer be attainable – or is it?

If you don't know what your bottom line measures are, how can you make informed decisions about the future?

It comes back to the very basic question: How would you know if you were winning your business game?

CAPITAL MEASURES

In most companies, people are paid to hit targets.

Salespeople have sales quotas. Marketing has people to reach. Plant managers measure quality.

As the CEO, your bottom line objective is to increase the value of your organization. How are you going to measure this? How are you going to wring out the most value from your capital?

Critical questions to consider:

- How much capital is in our business?
- Where is the capital in our business? In our people, our machines, our stock?
- How much does our capital really cost?
- What investments today will build capital tomorrow? Training? R&D? Innovation? Marketing?

CAPITAL DECISIONS

There's an old cliché in business that says 'Cash is king'. It's useful and it's not the whole story.

In a recession, budgets are often immediately slashed to preserve cash. This can be a mixed blessing. Unnecessary costs need to go.

However, costs that are really investments in the future need to be carefully considered. Marketing, training and innovation are the source of future cash. Sometimes dipping into capital reserves to keep building is the right solution.

However, if cash is needed, consider:

- Go lean with your inventories. This will save manpower, space and other costs.
- Work faster. Speed-up the customer transaction from marketing to payment to accelerate cash flow.
- Find new ways to go lean and green. Reduce Re-use and Recycle.
- Build an accurate capital map of your entire organization and off-load money-hungry low performing assets.
- Consider the contrary position of investing more in your people, your marketing or innovation with the intent of sourcing cash sooner.

RAP9 : The Plan of the Moment

PROFIT : If your customers are changing, are you? What's your plan right now? When the going gets tough, the smart get creative. It may be time to tap into the new customers' needs in a novel way. This could be a game changer and the launching pad for your Gloppportunity.

CHANGING RESPONSES

How have your customers responded to the economic crises? Have they continued spending? Are they looking for substitutions? Have they gone cold turkey?

New York's *Saks Fifth Avenue* decided their customers were short on cash and responded with a huge sale. They slashed prices by 40%. For a luxury retailer this was heresy as part of the allure of buying luxury is the price you pay. Their sale was ineffective, so they slashed again. They cut prices by an additional 50%. This means a *Valentino* dress that previously sold for \$2950 was now selling at \$885 – a total saving of 70%.

In another part of town, *Jay Kos* on Park Avenue put up a window display proclaiming: Cashmere Sweater \$2500, Recession Price \$2500.

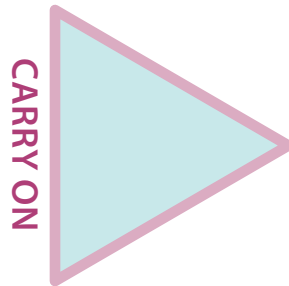
Two different responses to the same situation...

The net result, *Saks'* sales were down 20%. You've got to sell an awful lot more goods when you discount so heavily.

For *Jay Kos*, the reaction was mixed. Some hated it, some loved it and some bought because of it.

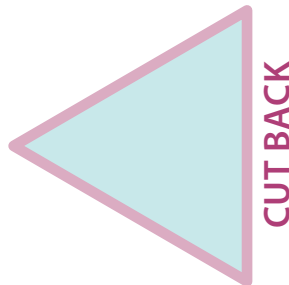
What's changed in your market? What hasn't? And, what's your strategy? How are you responding?

Your customer will have three broad responses to your offer in their current situation... they'll carry on, cut back or cut it out.



CARRY ON

Your customer may carry on buying as usual for a variety of reasons – they need it, you offer the best value, they can't get it elsewhere... And, this is not time for resting. Talk to your customers and find out how you can add more value to validate their ongoing support. Catering for your customers in a special way now may build loyalty for life.



CUT BACK

If your customers are cutting back it's crucial to find out why and address their concerns. And it may not be money; it may be convenience or commitment. *Hyundai* are offering this special value: if you buy one of our cars and can't make the payments in the first year, we'll take the car back and cancel your debt. Their sales are up 14% whilst most car sales have fallen by 30% or more. You may need to fine-tune your offer to see what really matters to your customers. Avoid diluting your product and your brand position. Instead, provide smaller slices of the same experience.



CUT IT OUT

If your customers have cut you out, you need to act quickly. First, find out why. Talk with them. Find out what they are doing instead. It may be nothing. Some industries are dying and this recession is accelerating their demise. And, they're not coming back. Are you still buying a newspaper? You need to know if this is your fate. Test different value propositions to tempt different market segments. Let the market tell you where the new profits live.

RAP10 : If the Price Fits... Wear it!

PROFIT : Recession = Lower prices. Is this true for you? Lowering your prices may be the best thing to do right now. It may also be short-term gain for long-term pain. Here's the ups and downs of pricing so you can make an informed decision.

THE COST OF PRICE

How important is price to your business? Are you overly price sensitive? Are your prices influenced by someone else? Like the oil price or the US Dollar?

Or are you locked in the basement or attic as a low/high cost supplier?

The automatic reaction for many in a recession is to cut prices. Money is in short supply, so let's make it easier for people to buy.

If only life was that simple!

Some companies have raised prices during the recession! Colgate-Palmolive, Procter & Gamble and Unilever all said higher raw materials costs meant they had to put prices up.

How important is price to your customers? Do you know that for sure or are you merely reciting the expected wisdom?

Before you consider cutting your prices read this...

You'll need to make more sales

PRICE CUTS DON'T ADD UP

In our previous RAP we discussed the example of *Saks Fifth Avenue* who cut their prices by 70%. Whilst they sold more goods, their sales were still down 20%. Want to know why? The maths is simple. For every 20% of discount, you have to sell a further 25% just to make the same money. Depending upon the price sensitivity of your industry, holding prices may be the wisest long-term move.

You'll break the spell

PRICE CUTS DESTROY BRAND EQUITY

How much is a *Valentino* dress worth? Last week it was over \$2000, this week under \$1000. What about next week? Luxury goods have a price aura. But if that spell is broken, the whole image of that item is destroyed too. Shall we buy at *Saks* this week or wait for their next sale? Are you discounting price or value?

You'll create false hopes

PRICE CUTS TRAIN YOUR CUSTOMERS

Research shows that customers remember the lowest price they've ever paid for an item. Future purchases are compared against this 'reference price'. If I got a *Valentino* dress for under a \$1000, why would I pay \$2000 for it now? A discount in the past sets up the expectation of a discount in the future.

You'll create losers!

PRICE CUTS ARE A CHEAP TRAP

No one wants to be a loser and from your customer's point of view a price increase is a loss. If you buy a *Valentino* dress for under \$1000 you're likely to be happy because you've had a win. But, then to pay \$2000 occurs as a \$1000 loss. Also, the maths work against you... A drop from \$2000 to \$1000 is 50%. Whereas a rise from \$1000 to \$2000 is a 100% increase. By discounting you've just trapped yourself!

Don't play on price alone

DIFFERENTIATE AWAY FROM PRICE

To avoid the price kerfuffle, differentiate your product. The more you can highlight the uniqueness and value of your product in the minds of your customers, the less sensitive you become to price. This works before, during and after a downturn!

RAP11 : The Revival of the Fittest

PROFIT : It's time to get fit – operationally! Fine-tune your customer economic engine. And, tighten the nuts and bolts that hold the structure of your organization together. Here's some suggestions for you to be productive, fast, flexible, efficient and financially strong.

YOUR ECONOMIC ENGINE

What are the profitable parts of your business? What is the economic value of a single customer? What about your segmented customer groups? Who are your most profitable customers?

Find out how this has been impacted by the recession. Until you know this your decisions are pure folly.

In February 2009, *American Express* made an extraordinary offer to their customers: If you pay off your outstanding balance AND close your account we'll send you a \$300 prepaid gift card.

Would you reward your customers for closing their accounts with you?

American Express felt their offer was offsetting possible future losses AND it would help their customer manage their finances. Win-Win!

American Express's unusual offer was grounded in the reality of knowing the cost and value of their customers.

Green Savings

GREEN, LEAN AND SERENE

'Being green is okay for *Kermit!*' Now it's okay for smart operators too - Those of you who want to reduce, reuse and recycle your costs.

Switch Strategies

PLAY OFFENCE

It's easy to slash costs to protect your current position. But, you don't win games solely by defence. Sometimes the best defence is attack. Which operational advantages can you build upon during this downturn that'll enable you to outscore your competition in the future?

Think Different

IF YOU WERE SELLING...

How would you manage your current situation if you were selling your business? It might be a hypothetical question and it highlights that slashing costs to prop up your profit is not going to work. Pick a short-term target and drive for immediate change. A short, sharp concentrated effort might be what's needed!

Narrow Focus

PLAY A NEW GAME

Once you've reviewed your current situation, create a new narrow game focussing on a few clear goals or KPIs. This'll refresh your troops and eliminate unwanted distractions.

Choose Wisely

BE DISCERNING

As *Kenny Rogers* once sang, 'You've got to know when to hold 'em and when to fold 'em'. The same applies to your budget cuts. Simplistic across-the-board cuts that treat everyone the same penalize your top performers and reduce the motivation for them to star in the future.

Consider Onshore

OFF AGAIN AND ON AGAIN

Take a fresh look at where you're manufacturing. The labour cost advantage of China has shrunk in recent years. Add the price of oil to transport your goods and the advantage of offshore operations may be less than before. Check to see if it worth's bringing operational elements back onshore.

Free Advice

ASK YOUR EMPLOYEES

If you really want to know where the glopportunities are, talk to your employees. You simply need to ask them what they think and listen.

RAP12 : Make it Easy to Swallow

PROFIT : Did you see the Global meltdown coming? A few did, most didn't. Many people got caught up in the giddy momentum of the upturn and failed to prepare for the inevitable down. Here we look at yours risks, how to spot them and what to do about them.

THE PENDULUM

One of the major causes of the Global Financial Crisis was the evaporation of risk.

Overconfidence distorted the view of what was feasible in the future. And, as a result, it all came crashing down.

As a counter to this, now is the perfect time to establish new practices to manage future risks.

Risk management is based upon a simple premise: Whatever situation we can conceive, we can plan for.

Therefore the biggest risk you face is the one you haven't thought of.



Practice

IMAGINE POSSIBILITIES

Start and practice considering new possibilities that could threaten your organization. This is not an amusement ride designed to scare us. Instead, it's a chance to step boldly into the future with our eyes wide open. Discuss what risks you do face and could face on a regular basis – and how you'd manage them.

Listen

WHO WAS RIGHT?

Who were the canaries in the coalmine warning you of the current downturn? More importantly, why weren't you listening? Again, the aim of this exercise is to avoid making the same mistake in the future.

Scenarios

SPECULATE YOUR WAY FORWARD

Scenario planning is a powerful tool for managing risks. The key to this exercise is not to be caught up being right about the facts. The real value is to engage in possible scenarios and how you might deal with them.

Crowds

PREDICTING THE MARKET

A lot of people bet on sport. They're predicting that one team or one horse will win and they're willing to put their money on it. That's called a Prediction Market. The wisdom of the crowd can be incredibly good at predicting likely outcomes. Creating your own Prediction Market to gather a wide range of opinions on a topic can be useful. *HP* created one to forecast sales more accurately than anyone one manager could.

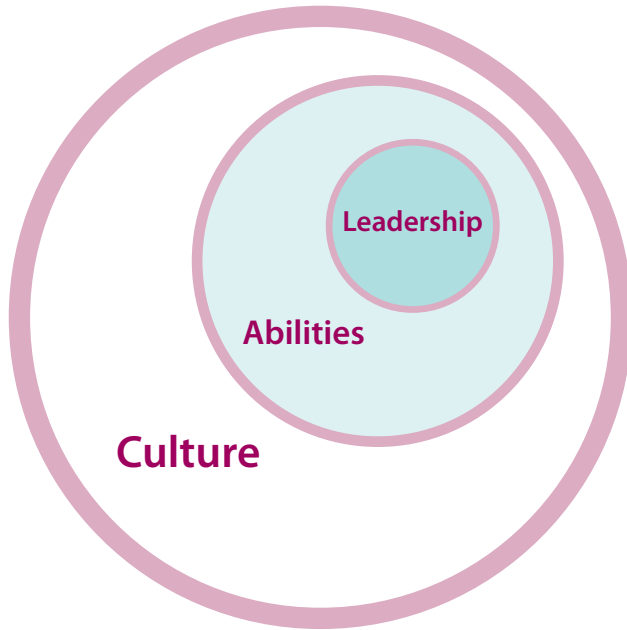
Flex

ADAPT QUICKLY

The unexpected is going to happen again and again. That's life! Building an organizational culture that is flexible and responsive to change is an important risk management strategy. Giving up control may be the best way to manage your risks going forward.

RAP13 : Scratch Your Own Back

PROFIT : The biggest opportunity of this current downturn is to cause a worthy change. A crisis is a curtain call for leaders to stand up and be seen, a window for developing new skills and the opportunity to transform your organizational culture. Take this chance now to develop new capabilities.



LEADERSHIP

Your opportunity to becoming a leader is to show it when it's most needed. That's now. In a crisis. Here's who you need to become...

Be seen : People want to be led, particularly during a crisis. Leaders provide stability, soften fears and offer a voice for others when they can't find their own. You don't need all the answers, simply a willingness to be visible.

Be Calm : The first rule of leadership is to stay calm. This sets the mood for others to follow.

Be Decisive : Sometimes making a best guess decision is better than no decision at all. It provides a benchmark and momentum.

Be Strong : Being afraid is okay, simply be strong with your fear.

Be Clear : Shape current events by putting them into a new context that enables people to learn and respond in more effective ways.

ABILITIES

A downturn demands more of everyone involved and this offers a Opportunity.

Research shows we learn best when stretched. Think of working out your muscles at the gym – when challenged beyond what we know our bodies respond by building more muscle, increasing our future capabilities.

Researchers suggest three steps to follow:

Think : Tune into the fine detail and develop a clear plan that measures your results.

Act : As you perform monitor your performance for any feedback that gives clues for you to improve.

Reflect : Review everything you've done. Learn from what works and what doesn't. Focus on what you can control and then create another detailed plan to move forward.

CULTURE

When's the best time to change anything? When it's not working because that's when the motivation is at it's greatest.

This applies doubly to organizational cultures with the myriad of personalities, divisions and rivalries all with different agendas.

A crisis has a way of aligning people very quickly. If the future is truly on the line, it tends to get people's attention.

Researchers have found that change does not happen in a straight even line. Instead it surges and frets in surges and recoveries. Start your surge today!

RAP14 : It's Not Over Till Next Time

PROFIT : You know it's going to happen again don't you? The expansion is automatically coming and so is the next recession. It's a natural part of the boom/bust of the human psyche. You might still be clawing your way out of this one AND it's time to get ready for next time. Here's how...

Build your Network

MAKE FRIENDS TODAY

There's an old saying that suggests that when times are hard you'll find out who your friends really are. Given this sage advice, start building your friends today when the going is up so you can help each other later when you need to. In particular, find some friends in government as their role in the near future may be more influential than before.

Grow Your Team

PLANT YOUR SEEDS

In a boom, hiring the best people costs more than a song. Now's the time to plant your seeds and grow your team. You do want to be ready to flower when the sun starts shining? Also remember to weed out the poor performers.

Be Adaptable

SMART FLEXIBILITY

In a bull market, you can put your money on almost any stock and watch it grow. You need a better strategy than that to win in a bear market. The same applies to your business strategy and your business model. Build in flexibility now so you can manoeuvre later.

Customer Connect

TALK WITH ME

Regardless of the economic climate, getting connected with your customers is the new normal. Find out what they want and continue to refine your value propositions. Review the Book Rapper issue *Talk With Me*.

Capital Count

CLEAN UP YOUR CAPITAL

Take a stocktake of your money. Find out where it lives... Is it tied up in your inventory, machinery, bank deposits? Then find ways to make it flow, quicker and easier.

Streamline Operations

GET FIT

Cut the fat from your bones and trim down your operations so it runs smoothly, efficiently and more productively. Create new ways to measure your performance and push for continual improvement.

Imagine Threats

ADAPT OR DIE

There's a biological law that suggests the organism with the greatest adaptability will win out over one less so. The same applies to organizations. Identify risks, manage them and build a flexible, rapid-response business.

Develop Yourself

LOOK IN THE MIRROR

Your personal development is as important as your company's growth. If you're not learning, you're being left behind. Take on a regular challenge to expand your mind and sharpen your thinking.

Play Long-Term

MANAGE THE CYCLES

As a rider of the *Tour de France* knows, after the climb comes the descent. In the past 27 years there have been four recessions. That includes this and two minor ones. Respect the bigger context and the economic cycles we live within. Get ready for growth and expect the next demise. It's all normal.

BR Context : The End of the Beginning

Did the Depression create the radio industry? Despite an unemployment rate of 25% in the US, social workers found evidence to support this claim.

Geoff Colvin in *The Upside of the Downturn* takes up the story...

"Social workers found that Americans who needed to raise money to pay the rent would sell their refrigerators, bathtubs, telephones and beds before they would part with their radio.

"The effects of the Depression-induced radio mania were transformative for radio set manufacturers, radio station owners, radio performers, advertisers, ad agencies, and many other businesses." (Page 77)

So what happened? **My hunch says radio connected people.**

It enabled them to share their difficult times in the same way attendance at a Sunday Church service soothes the ills of the week gone by.

And, the radio technology was simple enough and cost-effective for people to tune in everyday. This was a rare highlight in an otherwise dreary era.

The Global Financial Crisis has not been as severe as the Depression.

Yet its impact has been sufficient to indicate it has accelerated two major historical turning points.

Both scenarios herald a triumphant victor and a vanquished opponent.

The first case was as certain as the motorcar out-driving the horse.

Digital technology was always going to out-compute print. It was simply a matter of when.

And print media is now struggling. We spoke of the demise of the newspaper in our Book Rapper issue *Talk With Me*.

Sluggish advertising during the current downturn along with highly targeted online websites have demolished their revenue base.

To complete the trinity, magazine circulation has slowed and book publishers are hard-pressed too.

Access to self-printing further erodes the street value of the publishing houses.

Even one of the famous directories of choice is losing its lustre.

Yellow Pages is finding customers no longer want to receive their free book - seemingly because they no longer use it.

So, what is this new weapon of choice?

It's probably stuffed away in your handbag or sitting in your pocket.

The digital smartphone is here and it's broken the link to print.

Our desktop computers still sit wirelessly connected to our desktop printers keeping us in contact with that bygone world of paper.

Yet, the smartphone has none of it. **Mobility rules over print!**

We can now, not only get all that same old stuff in our hand instantly, we can get much more.

Google's recent release of real-time traffic info on *Google Maps* for our major cities signals another landmark moment.

Static is simply no longer fast enough. We want it now and we want it live. Tweet! Tweet!

Our second example is also a case of a 'when' that has been brought forward due to the global downturn.

China are returning as the economic heavyweight champion of the world.

The US had grabbed the honour way back in 1890 - from the Chinese. Now they're wresting it back.

Colvin points to predictions that suggest China will replace the US as early as 2015!

Previously this wasn't predicted until 2030. And, thanks to the global meltdown, that timeline has been accelerated.

David Thomas of *Think Global* reports from his recent trip to China that the locals refer to the GFC as the AFC - the American Financial Crisis. (1)

Given that China's economy is likely to grow at around 8.5% again this year it's clear their only concern is slowing down growth.

Ironically, as this page is written, it's one year to the day that Lehman Brothers closed its door.

And, there are still whispers the US economy has not hit the bottom just yet.

There appears to be a few cracks in their economic foundations that may yet cause further tumbles.

As we come to the end of this story, we herald the start of two significant new beginnings: The smartphone out-computing print. And, the Chinese out-capitalizing the US.

Look out for more grand transitions. This may just be the end of the beginning.

(1) www.thinkglobal.com.au

Actions : Gobble Up Your Gloppportunity

PROFIT : The current downturn is the global opportunity of your lifetime. If you're ready to grab it and gobble it, then use this page as your action plan for making it happen. Refer back to our earlier Book Rapper issue *Frog Power* to revolutionize your results.

PICK A RAP

- Which issue and area of your organization are you going to attack?

WHAT'S POSSIBLE?

- What would you like to have happen?

WHAT'S CURRENT?

- Describe the current situation. What are you doing or not doing?

WHAT'S NEXT?

- What action are you taking in the next week to gobble up your Gloppportunity?

WHO'S WHO?

- Who's contribution do you want/need to build a new future?

Want More?



ABOUT THE AUTHOR

Hi folks! Thanks for reading **Book Rapper**. I think we've all got our own special genius. Mine is to take a whole bunch of information and distil it into some simple yet co-ordinated pattern. I used to be an architect. And, for me, tracking trends and working out how they fit together is just like designing a building. Cheers, Geoff (McDonald)



EMAIL ME...

Share your results, feedback, thoughts, questions, suggestions, etc. And, naturally, email if you want help designing your personal implementation. Geoff@BookRapper.com

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DIY : This document is our 'DIY' solution. We suggest the actions you could take and you personalize them to your situation.

Custom : We also design custom solutions for your unique situation.

Delivery : This can be delivered in a variety of ways depending upon what you need. This might be one-on-one coaching or mentoring, or group events such as keynote presentations, facilitating strategic planning meetings or creating projects to achieve specific outcomes.

Home Base : We're based in Melbourne, Australia and with the clever use of technology we can virtually be anywhere.

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