



Opportunity Planning

Stuart W. Margolis, CPA, MT and Joe Becker, CPA

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Recession, recession, recession." That is all that we have heard over the past 8 months. Clearly, a recession is upon us. In fact, experts are telling us that our current economic situation is likely the most severe economic downturn since the Great Depression. The reality is that we will probably be in this mess for quite awhile. In difficult times more than ever, it's important to stay on game. Be strategic, and be prepared for the upswing.

As business owners and printers, we must obviously deal with the global economic impact of today's economy. Equally important to our industry's survival is the need for us to be aware of just how rapidly our industry is changing. We must stay abreast of technological innovations and new labor force skill requirements. We must also find a way to retain our customers, who are being bombarded with an ever-expanding array of media and advertising choices, each threatening to take another slice of the printing industry's traditional marketing "pie."

So how do we handle these challenges? How do we as an industry move forward in the world, actively seeking out and seizing the new business approaches and opportunities that this economic downturn is presenting to us? The answer centers around two vital components: change and configuring your organization to respond to opportunity.

Customers

Customers represent our strongest potential for change. Yet herein lies our biggest opportunity. They share the same business and economic stresses we are experiencing. They are looking for ways to not only survive, but thrive in today's world. This gives us a prime opportunity to strategize and partner with them, planning together how to drive down their costs, improve their marketing efforts, and help keep them move ahead of their competition. Working in tandem with our customers also gives us the opportunity to work on

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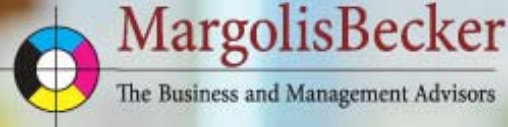
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improving our quality and service, as well as building the trust that is absolutely essential for our future vendor-client relationships. Take a walk in their shoes. In hard times, what would you like to see from your vendors? Creativity and new solutions not the old line “this is the way it’s always been done” mentality?

M & A Activity

Planning for opportunity means taking advantage of new challenges that arise from tough economic times. Financially strapped and emotionally stressed printers need help. This is an opportunity for your healthy company to buy them, to tuck in their sales, or to merge – whatever works best for both parties. Mergers and acquisitions at any level are never a simple task, but they do represent an important opportunity, especially in today’s market.

Take Action

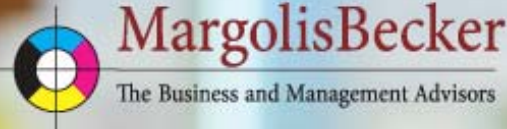
Another way of planning for opportunity is to be sure effective, efficient processes are in place, and that they are continuously monitored. Now is the time to pay particular attention to these areas:

- 1) Accounts Receivable (A/R) – Keep A/R current at all times, and watch for new patterns in receivables (slow payments, etc.) If customers are slow or no pay, call them. Don’t ignore them. Work it out.
- 2) Vendors – Keep vendors informed about your business and its needs. Continue to assess viability of key suppliers and outside contractors. Don’t leave yourself vulnerable.
- 3) Your Bank – Again, constant communication is essential to building ongoing, strong relationships for future financial needs. Keep an eye on your interest rates. If rates fall making it advantageous to re-finance a loan, talk with your current bank about it. Many will attempt to match other loan offers to keep business, which could help ground your relationship with them

and even keep ancillary costs of the refinance down for you.

- 4) Staff – Now is an excellent time to assess their capabilities, to identify and keep the best you have. Don’t forget to express your appreciation for their work and reassure them about job security. No one thrives or performs well if all they hear is bad news (or no news). Also consider flexible work hours. Get creative. Successful programs typically have some flexibility like allowing employees to take off Friday or Monday or elect to work five 6.5 hour days. If you mix it up, you can end up with a plant that remains open 40 hours, but has a scaled back work week for employees. Be strategic.

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- 5) Plan ahead NOW for different staffing scenarios. Be creative. Know your decision points, and make your choices as rational, well-considered business decisions. If downsizing becomes necessary in the future, you will be able to react quickly and logically to market conditions. Proper and thoughtful planning will take much of the management stress off your shoulders.

In Conclusion

Whatever your company size, culture, specialty, or goals, opportunities exist even in today's challenging economy. Seek them, analyze them, and go for the opportunity -- it's out there.

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