

SURVIVING BUMPS IN THE ROAD

By Mike Hulser

Sooner or later, every business, including yours, is going to hit a bump in the road, be it the loss of one or more large customers, a major facility issue, the loss of one or more key employees, a key supplier's significant price increase, a market-wide downward trend in selling prices, and the like. Many production framers tend to operate somewhat close to the edge, without sizable cash reserves to tide them over such problems. As a result, these bumps in the road are more likely to prove fatal to your business—if not handled effectively.

One way to deal with such a situation is to operate your business in such a manner so that these problems don't happen in the first place. That's a lofty goal, and it is likely to be somewhat unattainable. Bad things do happen even to businesses that are run well.

In the event that your business

When the going gets tough, you can get your business back on track by following these steps

finds itself facing a major threat, you need to take swift, effective management action. Here are some pointers on how to ensure that your business will exit the other side of a problem in good shape. Regardless of what strategy you decide to pursue, these items will help.

Take responsibility. I tell my clients that the first place to look to place blame (if required) and to expect action is in the mirror. The state of a business is not the fault of the government, the weather, or terrorists. It is your business. Its relative health, or lack thereof, is your responsibility—no one else's.

Act swiftly. If you want to take time to grieve, to lament, or to be sad, go ahead and do it—for one night. Then get up and go to work, gather your key people together, and start crafting a solution. In a turnaround situation,

most people think money is the scarcest resource. It is not; time is. You need to energize your team to begin acting in what I call "Turn-around Time," perpetual fast forward. Things that used to take a month to do now need to happen in a week. Things that used to take a week now need to happen overnight. Speed is the order of the day, every day, in everything.

Elevate mutual expectations.

Everyone on your team needs to immediately begin playing the game at a higher level. It should not occur to anyone to apologize for having high expectations of their teammates.

Credibility is key. Every member of your team needs to understand that there will be heightened pressure to perform and that, regardless of the pressure, no one should ever commit to more than they think they can honestly do. The rule is to commit to only what you can do, then make it come true.

Get your whole team involved.

This includes:

- *Your employees.* They often have great ideas about how to improve your business, but they are often not "invited."
- *Your key suppliers.* The health of your business is vitally important to your key suppliers. Inform them of the situation and invite their ideas.
- *Your banker.* If your relationship is strong and your banker is kept fully informed, you'll find a powerful ally in a tough situation. It is certainly in a banker's interest that you succeed.
- *Any other close business associates or advisers.* Everyone wants to be able to help a friend in need.

Superbly service your customers. Keep your problems away from your customers. You need every one of them more than ever. Use this as a reason to initiate a "Customer Service Renaissance." Delight them.

Manage cash tightly. Basical-

ly, hoard cash. If you aren't already using one, implement a Rolling 13 Week Cash Flow Forecast. Without endangering key relationships, stretch out your disbursements as much as possible. Forget about paying early to earn cash discounts. The cash is far more important. Pursue receivables collections (commercial business) aggressively.

Get into your inventory. For the vast majority of the framers, this is where the cash is. The 80/20 rule almost guarantees that you are carrying way too much slow-turning inventory. Get your best people on figuring out the best way to convert it to the maximum amount of cash.

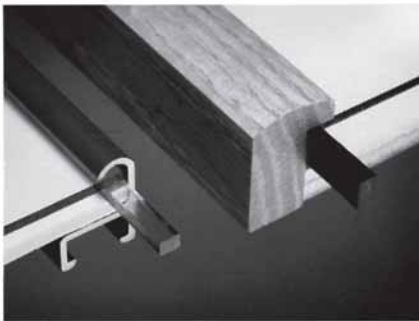
Trim the fat, the weak, the unprofitable. You may be tempted to think you have already done that. If so, good for you. Now do some more. Again, the 80/20 rule says that, most likely, you are still selling unprofitable products; still supporting marginal product lines, markets, or stores; and still carrying positions and people whose added value is relatively minimal. Shed them, and do it quickly. Also look at discretionary out-of-pocket expenses and tighten them up, possibly by 50 percent or more. Send a message that you're serious about this.

Craft a short-term financial plan. This is, in effect, a budget. But it is in weeks, not months. Determine what you want to accomplish weekly in cash position, sales, margin, expenses, headcount, receivables, inventory, and so on.

Implement appropriate key metrics. Generally, things that get measured get better. If you are not already doing so, start measuring the important things like:

- Past due receivables
- Past due orders
- Key item out of stock situations
- Pieces reworked
- Customer satisfaction

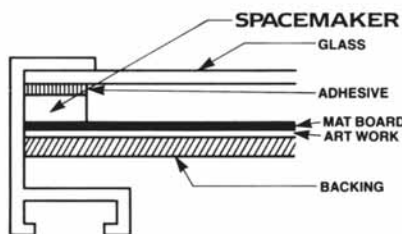
SPACEMAKER™
PICTURE FRAME SPACERS



SOLID QUALITY - SOLID PLASTIC
Create a protective airspace between art and glazing.
Prevent mildew and other contact damage.

- The best adhesive from 3M
- Archival/conservation quality, acid-free, no plasticizers
- Just score, snap & stick. It's that easy
- Use with wood or metal frames
- Clear, Smoke and Black
- 1/8-inch & 1/4-inch

CALL NOW FOR FREE SAMPLES
and the name of your local distributor
800-332-2756, Pacific Time



- Excess and obsolete inventory
- Factory cycle time
- Key initiative status.

Implement a "whole brain" management process. On a weekly basis, gather your key players to review your key metrics and achievement of your financial plan. And, as appropriate, initiate corrective actions, with specific assignments and deadlines.

If you follow these steps, your business has an excellent chance of getting through any bumps just fine. If you don't, the odds are against you. It's that simple. One last point: once you've implemented these steps, stick with them. The next bump, if it comes, won't be nearly as troublesome if you do.

Mike Hulser, who does business as "The Biz MD," is a nationally renowned turnaround specialist and financial and management consultant. He is also the CFO of Pictures Plus in Honolulu. He can be reached at www.thebizmd.com or 808-672-0220.



**West Coast
Art
& Frame
Show**

**January 28-30,
2008**

Las Vegas Hilton

PRODUCTION WORLD

UPCOMING EVENTS: 2008

February 3-7

Spring Fair Birmingham
National Exhibition Center
Birmingham, England
011-44-20-77283949
www.autumnfair.com

February 14-17

Quadrum SACA
Bologna Fairgrounds, Italy
011-39-51-6646624
www.quadrum.saca.com

February 21-24

Interior Design Show
National Trade Centre
Toronto, Ontario, Canada
416-960-4505
www.interiordesignshow.com

February 28-March 3

Art Expo New York
Jacob K. Javits Center
New York, NY
888-608-5300
www.artexpo.com

March 2-5

Montreal Gift Show
Place Bonaventure
Montreal, Quebec
888-823-7469
www.montrealgiftshow.com

March 6-9

Architectural Digest Home
Design Show
New York City, Pier 94
800-677-6278
www.merchandisemart.com

March 27-30

Total Home & Gift Market
Dallas, TX
800-DAL-MKTS
www.dallsmarketcenter.com

April 7-13

High Point Market
International Home Furn. Center
High Point, NC
800-874-6492
www.highpointmarket.org

April 7-13

Hospitality Design Show
Sands Convention Center
Las Vegas, NV
508-743-8502
www.hdexpo.com

May 17-20

National Restaurant Assn.
Restaurant, Hotel-Motel Show
McCormick Place, Chicago, IL
312-853-2525
www.restaurant.org/show

June 9-11

NeoCon World's Trade Fair
The Merchandise Mart
Chicago, IL
800-677-6278
www.merchandisemart.com

July 18-21

California Gift Show/Sources L
Los Angeles Convention Center
Los Angeles, CA
213-362-5640
www.californiagiftshow.com

July 28-August 1

Las Vegas Furniture Mart
Las Vegas Convention Center
Los Angeles, CA
866-229-3574 (Registration)
888-WMC-SHOW (Buyers)
www.lasvegasmarket.com

August 16-21

New York International Gift Fair
Jacob K. Javits Center
New York, NY
800-272-SHOW
www.nyigf.com

ADVERTISER INDEX

Advertiser	Phone	Website	Page
Active Sales	800-937-2255	www.activesales.com	41
AD Lines Eurogroup, Inc.	800-836-0994	www.ad-lines.com	21
Arakawa Hanging Systems Int'l	888-272-5292	www.arakawagrip.com	32
Arlo Inc.	800-332-2756	www.arloinc.com	44
AMS - Art Materials Service Inc.	888-522-5526	www.artmaterialsservice.com	36, 40
Beale Ash Distribution	877-465-4538	www.bealash.com	39
Bentley Publishing Group	925-935-3186	www.bentleypublishinggroup.com	9
Bruce McGaw Graphics, Inc.	845-353-8600	www.bmcgaw.com	1
Craft Inc.	800-827-2388	www.collectible-creations.com	34
Framerica Company	800-372-6422	www.framerica.com	Cover 2
Framework Inc.	800-582-5608	www.frameworkinc.com	35
Gango Editions	503-223-9694	www.gangoeditions.com	17
Gluefast Company, Inc., The	800-242-7318	www.gluefast.com	6
Image Conscious	800-532-2333	www.imageconscious.com	23
Impex Industrial Hardware Mfg.Co.	800-933-0163	www.iihmc.com	37
ITW AMP	800-322-4204	www.itwamp.com	4
Joan Cawley Gallery	800-835-0075	www.jcglt.com	8
Kam Kiu Aluminum Products	201-567-7200	www.kamkiu.com	11
Millennial Technologies	337-580-0788	www.jparrie.com	16
Nickell Moulding Co. Inc.	800-838-2151	www.nickellmoulding.com	33
NielsenBainbridge	800-927-8227	www.nbframing.com	5
Old World Prints	804-213-0600	www.oldworldprintsltd.com	45
Omega Moulding Co. Ltd.	800-289-6634	www.omegamoulding.com	Cover 4
Poems Art Publishing	888-447-6367	www.poemsart.com	43
Pyramid America	888-547-4724	www.pyramidamerica.com	25
TrackMaster, Inc.	888-776-2531	www.hangframes.com	35
Ultramitre	800-433-3140	www.ultramitre.com	3
Universal Framing Products	800-668-3627	www.universalframing.com	7
Wall Moulding & Associates	800-880-9315	www.wallmoulding.com	47
Warehouse Supply.	800-742-2876	www.linenliners.com/ www.warehousesupply.com	6
Wizard International, Inc.	888-855-3335	www.wizardint.com	Cover 3
Z Hardware Company	800-369-5970	www.zhardware.com	35