

June 2011 Edition
Newsletter Article

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6 Months To Go in 2011...Sprint or Stroll

The economy is still tenuous as many of our clients, associates and business resources have told us over the past month. Although certain data points seem to point toward an uptick, there appears to be continued concern that there is the prospect of a double dip around the corner. In this month's newsletter we want to share with you what we are hearing and seeing. We will also provide you with action steps you should be considering as we all navigate through this uncertain economy.

Speaking with our network of business leaders, we have found a general feeling of cautious optimism. Overall, what we are hearing is that performance is mixed, with half seeing growth and half flat or declining. This perspective is, however, in contrast to some research we found. For example, in a recent survey by SmartBriefs on Leadership, a daily newsletter, they asked the question, "As we approach the midpoint of 2011, how is your business doing so far?" Respondents said a) business is doing about as expected (42%), b) better than expected (25%), and significantly better (8%). That's 75% of respondents reporting positive results. Inc. Magazine (April 2011) surveyed their "Inc. 500 & 5000" CEOs, and more than 80% reported their businesses are strong or very strong and poised to grow in the months ahead. In a study by Pepperdine Capital including 1220 private businesses, owner confidence has increased significantly over the past two years: +36% in summer 2011, versus -18% in spring 2010.

So what does this mean? What we have found is there remains a guarded optimism on the part of most CEOs. Inc. Magazine (April 2011) stated, "Entrepreneurs remain skeptical of the strength of the overall economy, even though their businesses are doing relatively well." As one business owner put it, "the biggest concern I have is that our customers remain slow to say yes." Another CEO told us, "Unless the investment can demonstrate it will increase value, I will not touch it."

What we have found from our network of business owners that survived the downturn over the past 3-years is that they did a good job of getting their costs under control, eliminating waste and improving efficiencies. As a result, cash balances are up and cash flow has improved. Conversely, even as demand for products and services started to come back in 2009 and 2010, it was at a much slower pace than in past downturns.

So what's a business leader to do? Consider these action steps to enhance your performance:

1. Find your profit zones, the products and markets that drive the greatest ROI for the company
2. Focus resources on the only those growth opportunities that will drive positive momentum as the economy continues to slowly rebound.
3. Uncover new winning strategies by reviewing and testing external environmental assumptions.
4. Make sure you have the best possible team in place to ensure you make strategy happen.
5. Strengthen your execution capabilities... achieve your goals by making strategy a part of everyone's everyday priorities.



Dick Albu

[Linked in.](#)



Rob Krist

[Linked in.](#)

Strategy Management Insights

"To survive now and flourish later in a more resilient, demanding business environment that will ultimately take shape, you will need to lead change from within. It will be tough times. You must engage your people better, innovate faster and take bold steps to compete in new ways. This is the only way you will be able to preserve the capacity to bounce back after the recession has taken place and remain competitive."

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- Accelerating top line growth by focusing resources on high value-added initiatives
- Improving profitability by optimizing the value chain.
- Building an organizational climate that fosters innovation and collaboration.
- Establishing execution management as competency to capture the strategy's full value.

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Please contact us directly for a confidential discussion about the challenges you face, or if you know of someone that might benefit from our services, we would welcome the referral.

Dick Albu, *President*
RALbu@albuconsulting.com

Rob Krist, *Managing Director*
RKrist@albuconsulting.com

Albu Consulting, LLC
1177 High Ridge Road Stamford, CT 06905
Tel: 203/321-2147

Website: www.albuconsulting.com

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Bettina Buchel

*Professor of Strategy
& Organization IMD
International,
Switzerland*