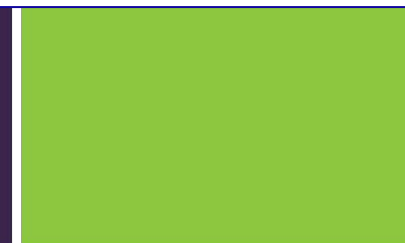
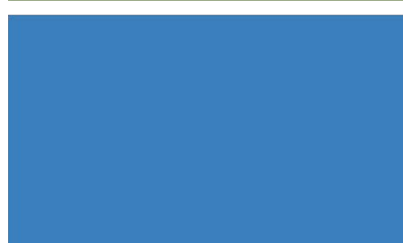
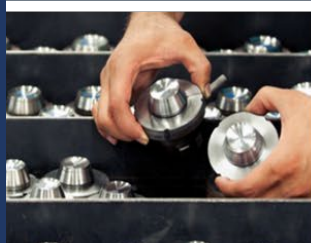
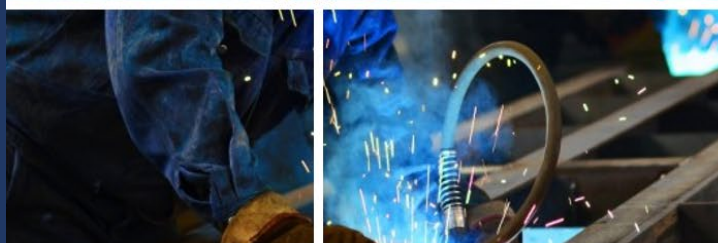




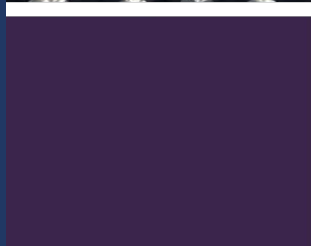
Trusted Advisors for Growth

Preparing for the Next Wave Webinar 8.20.20

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Preparing for the Next Wave



Preparing for the Next Wave





- **Everyone attending the webinar is muted. To ask a question, type your question in the Q/A text box using your GoToMeeting panel.**
- **We will ask questions, time permitting, at the end of the presentation.**
- **If there are questions that we are not able to get to, we will provide the questions and answers for everyone in a follow-up email distributed tomorrow.**
- **This webinar is being recorded. The link to the recording will be included in the follow-up email.**
- **Please check our website www.wearekms.com frequently for new webinars and events. (or register to receive our monthly newsletter)**

Kansas Manufacturing Solutions

Kansas Manufacturing Solutions (KMS)

KMS' mission is to grow Kansas manufacturing by delivering solutions to small and medium sized manufacturers with value driven results.

KMS' IMPACT on Kansas Manufacturers in 2019

	Increased/Retained Sales	\$181.8 M
	Jobs Saved/Created:	3,541
	Cost Savings:	\$8.3 M
	Increased Investments:	\$92.6 M



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Preparing for the Next Wave

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Network™**



Nicholas Lydon



- Director of Continuous Improvement for Kansas Manufacturing Solutions
- Over a decade of experience working with fortune 100 companies all over the world on continuous improvement and strategic planning.
- Master Degree in Business from Northwest Missouri State University.
- Lean Six Sigma Master Black Belt
- Total Productive Maintenance Certified
- Change Manage Specialist



Agenda

- The Next Wave
 - How likely is the next wave of Covid19?
 - What do you need to understand?
- What you can do to protect your business
 - 11 Steps to take to recession proof
- Conclusion

The Next Wave

How likely is the next wave of Covid19?

- Our nations top doctors are warning that there will be a second wave, but they don't know exactly when it will strike.
 - Flu season will be upon us this fall and the director of the Centers for Disease Control and Prevention, Dr. Robert Redfield, is warning of a potentially worse second wave of coronavirus later this year.
 - "If by that time we have put into place all of the countermeasures that you need to address this, we should do reasonably well," Dr. Anthony Fauci Director of National Institute of Allergy and Infectious Diseases said. "If we don't do that successfully, we could be in for a bad fall and a bad winter."

What do you need to understand?

- According to a poll done by the National Small Business Association
 - 99.9% of all firms in the US are small businesses
 - 77% of small business owners are “very worried” about the economic impact of the corona virus.
 - 54% expect the US economy to fall into recession during the next 12 months.
 - 49% say customer demand is down
- JP Morgan Chase estimates that the average small business has 27 days of cash in reserve.
- The outlook hasn’t been this negative since the Great Recession of 2008 and 2009.

How to prepare for a Covid19 2nd Wave

How to prepare for a Coronavirus 2nd Wave

1. Watch your inventories carefully
2. Monitor your cash flows
3. Need to and Want to
4. Collect what you are owed
5. Look hard at your capital spending
6. Work with your lenders
7. Don't Shrink from advertising or sales
8. Keep training and grow your employees
9. Customer Service is important
10. Get your employees involved in processes and planning
11. Develop the policies you need before you have to.

#1 Inventory levels

- Watch your inventories carefully, but don't hold them down so tight that you'll lose sales
- There is a fine line between having enough inventory and losing money holding inventory
- During the next several months leading up to the 2nd wave of covid19 you will need to understand, if you haven't already, how much inventory you will need to keep yourself afloat during the upcoming recession.

Recommendation:

- ABC analysis of your inventory to determine where the waste is in your inventory.
- Setup inventory control policies that maintain high turn and let go of low turn good and materials.

#2 Monitor your cash flow carefully

- Do your financial statements provide you information on the cash flow of your organization?
- If you don't then you will need to consider understanding where your money is coming from and where it is going over the next several months.
- Don't rely on yearly calculations, break it down month over month.
- Negotiate with suppliers, contractors, and landlords
- Take advantages of deals and don't pay bills until they are due

Recommendations:

- Get a financial advisor to help setup cashflow statements and projections for the next year.
- Have an energy study conducted to see where you can save money.

#3 Focus on what you “have to” do, not what you “want to” do

- Look at your value stream. How lean is it? Are you wasting money putting extras into items?
- Focusing on what you “have to do” only will reduce the expenditures over the next year.
- Make exactly what the client is willing to pay for (value added) and avoid what they don’t care about (non-value-added)

Recommendations:

- Have a value stream analysis conducted and determine where you are wasting money doing non-value-added work.
- Have a lean analysis conducted to determine where waste is and develop action items to eliminate or mitigate the specific areas of loss.

#4 Get aggressive with collections

- When everything is going well do you still collect all receivables diligently?
- Have you let clients slide in the net 30 or net 60?
- This may be unpleasant to do, but it is necessary.
- If you won't be aggressive customers, may take advantage of you

Recommendations:

- Review your current outstanding receivables and contact your clients.
- Tighten up your collections procedures and make sure that your clients understand.
- Hire a collections agency to deal with resistant clients.

#5 Look hard at your capital spending

- Did you have plans to build a new facility? Are you outgrowing your current space?
- Was there a purchase of a new piece of equipment that you have planned on for this year?
- These plans take reliable cashflow and in the coming months that can not be guaranteed.

Recommendation:

- Reduce/or cancel major expenditures over the next 9 months.
- Look at ways you can better utilize what you have
- Have a layout analysis conducted to determine if there is a way to enhance the flow of the products without increasing space requirements

#6 Work with lenders

- Talk to your current lenders about your current loans and renegotiate if possible.
- Look into additional sources such as SBA loans

Recommendations:

- Work with lending institutions and your local MEP Center on getting the funding you will need at reasonable rates.

#7 Don't shrink from advertising and acquiring new customers

- Most of the time when companies try and cut costs, they reduce their advertising budget, but is that the best thing to do during a recession?
- Sales are key to maintaining the cash flow for the future.
- Don't shy away from trying to gain new customers even during a recession.
- Studies show that companies that maintain or grow their advertisement effort during slowdowns wind up outselling their rivals who cut back.

Recommendation:

- Create an aggressive advertising program and sales program with the help of a subject matter expert specifically focused on acquiring new customers.

#8 Don't Slack on the Training

- A recession is not the time to slack on the training.
- Growing your employees will only help your business.
- Increasing their knowledge and skills will help grow your business in the long run, and there will be time during the recession.

Recommendations:

- Contact your local MEP center for low cost training sessions
- Don't forget to get training for yourself on areas you want to improve.

#9 Customer service

- During the recession it will be important that you maintain your current customer service.
- Most clients judge companies on delivery time for their service or products.
- For service delivery organizations the tone of the staff will be important, maintaining a happy positive workforce may be difficult.
- Clients are impatient when dealing with others over the phone because they can not see that the staff is busy.

Recommendation:

- Do not skimp on customer service. Clients do not see how busy you are when they contact you nor do they care.

#10 Get your employees involved

- Getting your employees involved helping make decisions will ensure that they will accept the decisions being made.
- Good employees want to work and will help design programs that allow them to work.
- Communicate with your employees in an open and honest manner and they will work with you to keep the business open.

Recommendations:

- Have a subject matter expert conduct brain storming sessions with the whole company on how to cut costs.
- Work with a subject matter expert on developing the culture of operational excellence.

#11 Policies and plans

- Focus on planning for the issues that will arise during the next wave and develop policies and plans. These policies are meant to mitigate the risk of issues related to Covid19.
 - Telework Policies
 - Leave Policies
 - Exposure Containment Plan
 - Communication Plan
 - Operating while social distancing
- These are not the only policies that you will need to setup.
- For help deciding on what policies or plan you need to work on please contact your local MEP or a Subject Matter Expert.

Policies and plans - Telework

- If you worked remotely during the first wave you may be prepared but you may still be at risk.
- Be sure to setup security such as an ad-hoc Virtual Private Network.
- Multi-Factor Authentication (2FA)
 - DUO Security
 - Last Pass for Business
- Communicate with your employees daily. Check on progress of assignments but remember productivity will drop when they are at home due to outside influences. So, tasks may take longer.
- There are tools to help motivate and monitor remote working employees:
 - MS Teams
 - Zoom
 - Go-to-Meeting



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Policies and plans - Leave policies

- You do not want to be punitive to those who are only trying to do the right thing. So, have a plan and communicate it.
- Ask employees to mitigate their risk and your risk by avoiding public gatherings and remaining in isolation if they feel unwell.
- If someone believes they have been exposed outside of work, they should remain home and contact a physician.

Policies and plans - Site exposure plan

- Whether it is in an office or production environment, exposure is a real possible risk.
- Have a plan to deal with exposure.
 - Containment and Sanitation
 - Contacting Employees
 - Know who was in the building over the last 96 hours
 - Have a sign-in process
- Onsite testing of temperature
 - Check their temperature
 - Ask if they have attended any group activities
 - Ask symptom specific questions.
- KMS has a Back to Work guide. We will distribute in a webinar follow-up email.

Policies and plans - Communication plan

- Keeping everyone in the know throughout the wave.
- Be as transparent as possible with everyone in the company.
- Mass text applications or phone tree for all employees
- Remain in contact with your employees throughout.

Policies and plans - Operating while social distancing

- Preparedness is key
- Think ahead to what you can do
 - Find a trusted advisor to help layout office or production area with prevention in mind.
 - Train your employees until it becomes second nature
 - Visual reminders of health and safety policies.
 - Staggering shifts and cleaning in-between shifts to limit exposure
 - Shields or barricades.

Conclusion

- Economic down turns are going to happen with the next wave of COVID19, but you can prepare your business to survive.
- Focus on the cashflow and reduce your expenditures
- Work with your creditors to reduce payments
- Sales and advertising are not an area to skimp
- Quality customer service is important
- Train your employees while you have a chance and get them involved in developing programs and plans
- Create policies for things before they become an issue will save you in the long run
- Seek help from Subject Matter Experts such as Kansas Manufacturing Solutions.

Q&A and Final Notes

- **To ask a question, type your question in the Q/A text box using your GoToMeeting panel.**
- **Replay information**
 - **Webinar follow-up/playback information will be distributed to you tomorrow via email.**
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Thank you for joining us in this webinar.