

## **A Guide to Managing in a Downturn**

- 1. Take a closer look:** The goal posts are moving; understand the true picture, not what you'd like to believe. Get to the bottom of what's driving the charity – what you do best and why. Understand how the charity is being impacted by the downturn.
- 2. Act decisively:** With increased uncertainty and volatility it is important to take tough decisions early. Focus relentlessly on the key drivers of value and the key risks across the charity. Don't sit back and wait; the winners will be those who position themselves to take advantage of the upturn.
- 3. Remember “cash is king”:** Ensure your finances and working capital are in good order; protect your liquidity; re-examine your treasury, financing, funding and pension exposures. Monitor your performance against financial and non-financial key performance indicators (KPIs). Adopt a hands-on approach to cash management.
- 4. Focus on what really matters:** Evaluate which activities, projects and channels create or destroy value. Revisit your existing programmes – what initiatives could you stop or defer?
- 5. Manage your cost base:** Focus on enhancing operational performance. Go for targeted rather than across the board cuts; extract better value; reduce unnecessary complexity; look at whether your business model needs to change.
- 6. Reliable management information is the key:** Now more than ever you need the right management information; clearly defined KPIs are essential. Decision making needs to be based on facts; speed of decision making needs to improve.
- 7. Plan for different scenarios:** Winners demonstrate agility and flexibility; model a range of financial, operational and workforce scenarios that reflect the impact of the downturn on your charity; adapt quickly; explore your strategic options.
- 8. Recognise the value of your people:** Regular and clear communication with employees is key to their engagement. Identify key talent and develop appropriate incentives for them. Retaining and motivating the best people is critical to your future.
- 9. Take your stakeholders with you:** Evaluate the likely impact of the downturn on your funders and other stakeholders. Make sure you understand their agendas. Perception is often reality so maintaining regular and open dialogue is essential.
- 10. Take advantage of the opportunities:** Don't stop innovating or investing in those areas of growth you will need for the future; don't forget your brand. Have an eye for the future; think beyond the next quarter.