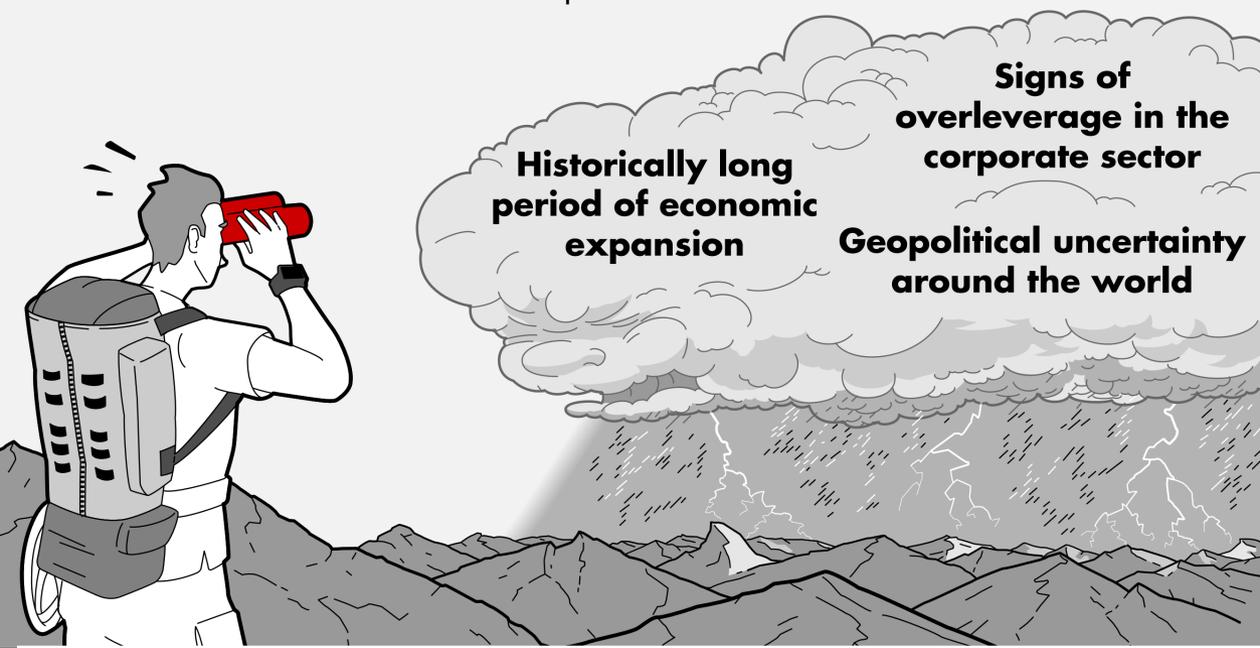


Preparation Is Key to Winning in a Recession

Companies can outclimb the competition in a downturn, if they make the right moves now.

A downturn may be on the horizon

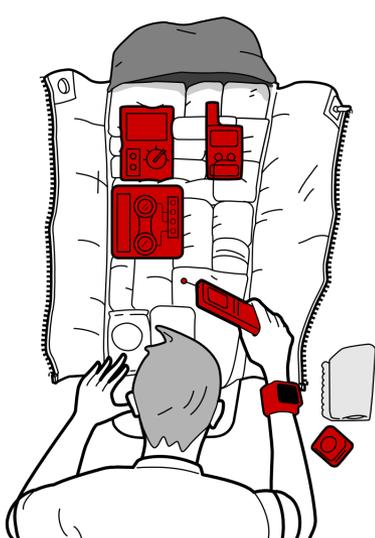
Indicators of a possible recession include:



The business landscape is shifting

Combined with a looming downturn, two key structural trends will usher in a new business cycle.

Accelerated use of technologies



Rapidly developing technologies will substantially alter customer behavior and demand in many sectors, as well as make operating processes more efficient.

The end of low interest rates



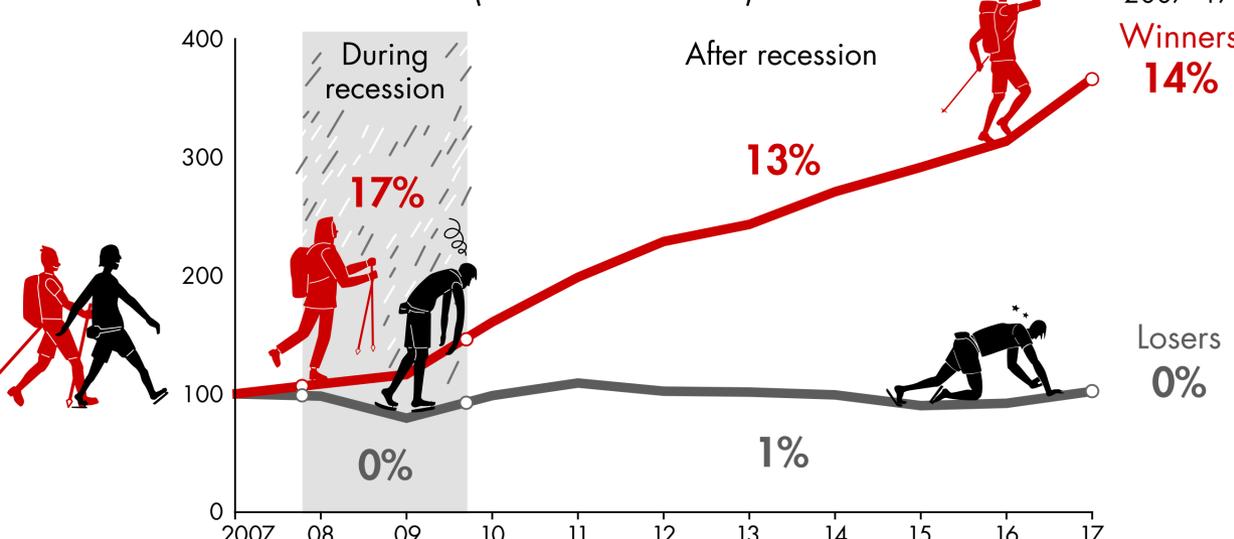
Even if central bankers hold rates low during a downturn, they will rise eventually. This will change capital structures and investment decisions for many firms.

Planning now is key to success

Well-prepared companies emerged as winners during and after the past recession.



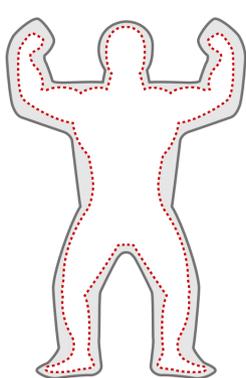
Growth in nominal EBIT (indexed 2007=100)



Sources: S&P Capital IQ; Bain Sustained Value Creator analysis, winners (n=415) losers (n=3,449)

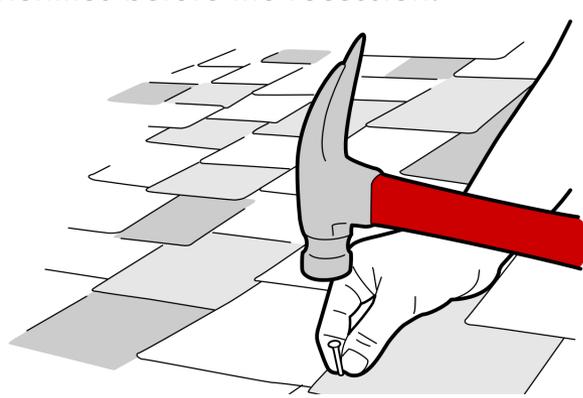
How winning companies prepare

Companies that beat the competition deliberately plan to capture opportunities before the recession.



Restructure costs without cutting muscle at the core

These cost-containment moves aim to reduce work and simplify processes as a way to refuel for the next stage in the business cycle.



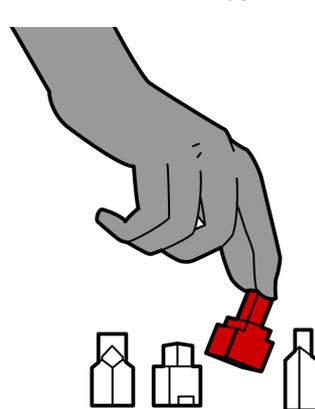
Put the financial house in order

Have a clear view of capital and liquidity to mitigate the risk of being caught short of cash, then zero-base the budget to match post-recession strategy.



Play offense by reinvesting for growth

The strongest companies coming out of recessions went on offense early while others thought only about survival.



Be proactive with M&A targets

Companies can buy new product lines, customer segments or capabilities now to avoid a higher cost of capital when interest rates rise.

Read more:

[Beyond the Downturn: Recession Strategies to Take the Lead](http://www.bain.com/recession-strategy)
www.bain.com/recession-strategy