

STRATEGIC RESILIENCE



ASK THESE QUESTIONS TO ASSESS YOUR READINESS FOR ECONOMIC UNCERTAINTY

Business leaders and economists agree that an economic downturn is here. With inflation high, interest rates rising and supply chains still in snarls, companies must prepare, in the words of Fed Chair Jerome Powell, for “a sustained period of below-trend growth.”

An economic slowdown in the U.S. doesn't necessarily portend a slowdown in the growth of individual businesses. For organizations in good financial standing, market turbulence creates opportunity—if they have the foresight and agility to seize it. For organizations with tighter finances or high demand elasticity, a downturn may require more defensive measures, but the goal remains shifting from defense to offense as quickly as possible.

How can you position your company to make the shift? The answer lies in strategic resilience: the capacity to withstand business shocks and pivot to new opportunities. Building strategic resilience early into an economic downcycle is what separates the businesses that thrive from those that struggle.

These questions, across five principle areas, can help you gauge your organization's strategic resilience and identify opportunities for improvement.

STRATEGY & BUSINESS MODEL

- ▶ How will macroeconomic conditions impact customer demand?
- ▶ What future customer needs do you anticipate?
- ▶ Is your business differentiated from your competitors' businesses?
- ▶ What adjustments are needed to your value proposition?
- ▶ What adjustments are needed to your business model?



BUILDING STRATEGIC RESILIENCE: HOW BDO CAN HELP

- ▶ Revenue & Margin Enhancement
- ▶ Cost Optimization & Reinvestment
- ▶ Debt Financing & Restructuring
- ▶ Resource Strategies & Interim Management
- ▶ Supply Chain Management
- ▶ Enterprise Risk Management & Business Continuity
- ▶ Tax Credits & Incentives

OPERATIONS



- ▶ How quickly can your organization absorb and act on new information?
- ▶ What infrastructure changes will you need to support a shift in strategic direction?
- ▶ Do you have end-to-end visibility of your supply chain to anticipate and respond to shortages and delays?
- ▶ Are any of your suppliers at risk of default if economic conditions worsen?
- ▶ Do you have internal operations or processes that could benefit from automation?
- ▶ Are you leveraging data analytics to seek new operational efficiencies?

LIQUIDITY & CASHFLOW



- ▶ Do you have the ability to obtain additional financing?
- ▶ Do you have sufficient cash on hand to cover 3-6 months of operational expenses?
- ▶ Do you anticipate difficulties managing your debt obligations in the next 6-12 months?
- ▶ Is your debt in excess of the book value of assets?
- ▶ Does your cash position support strategic investment?
- ▶ Are you taking full advantage of available tax credits & incentives?

RISK MANAGEMENT



- ▶ Are there new risk events that could impact your business?
- ▶ What controls are in place to address those emerging risks?
- ▶ Is risk ownership clearly defined and communicated?
- ▶ Do you have an up-to-date business continuity plan?
- ▶ How much time is devoted to managing strategic risks relative to financial, legal and compliance risks?
- ▶ Is risk treated primarily as a threat or also an opportunity?
- ▶ Have you integrated risk management into your overall business strategy?

REGULATION, LEGISLATION & COMPLIANCE



- ▶ Are you prepared to meet new ESG reporting demands?
- ▶ Do you have the necessary personnel to support ongoing compliance needs?
- ▶ Are you leveraging technology to reduce your compliance burden?
- ▶ Are you capitalizing on government incentives to help fund strategic initiatives?

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