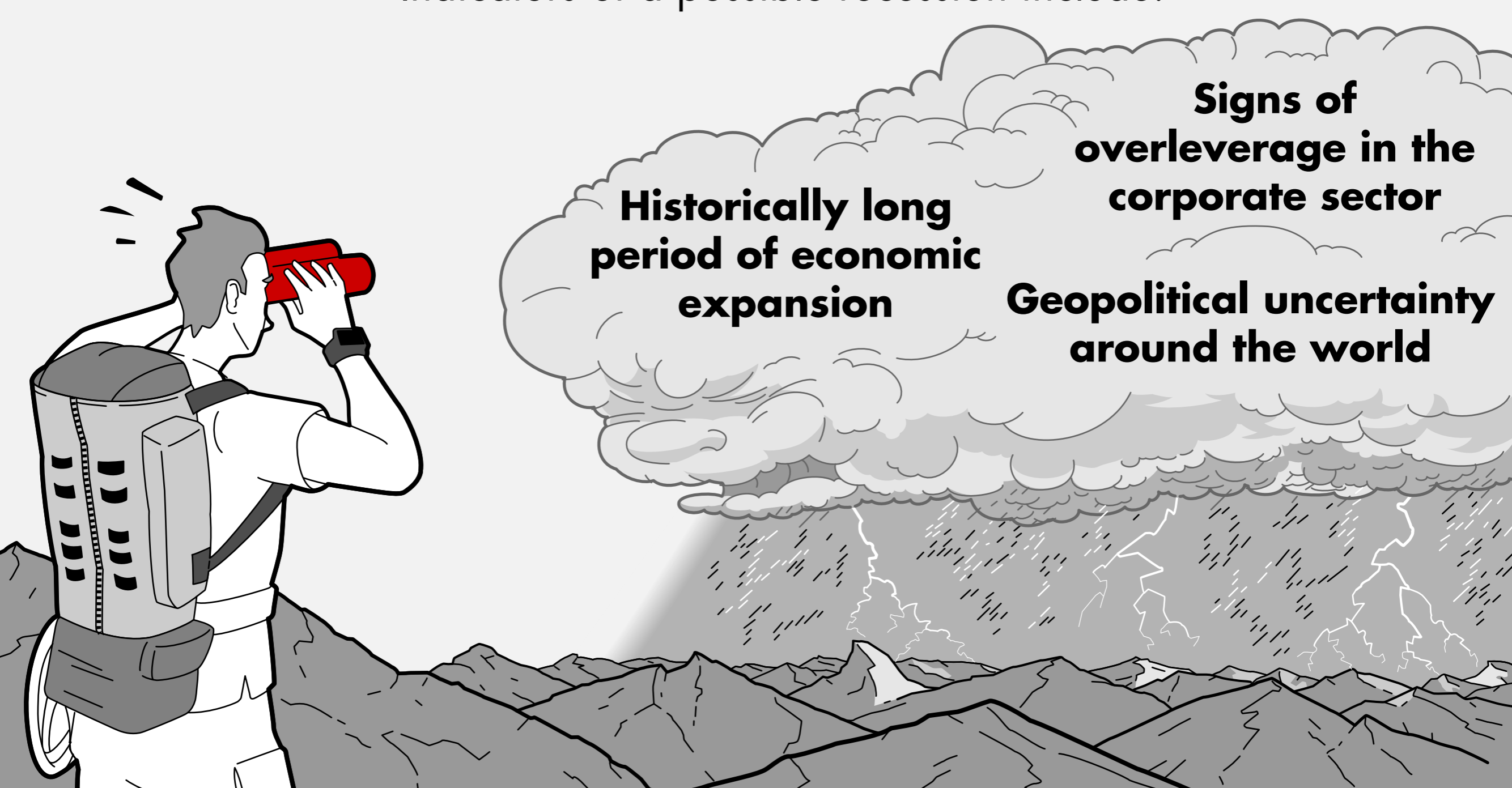


# Preparation Is Key to Winning in a Recession

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

## A downturn may be on the horizon

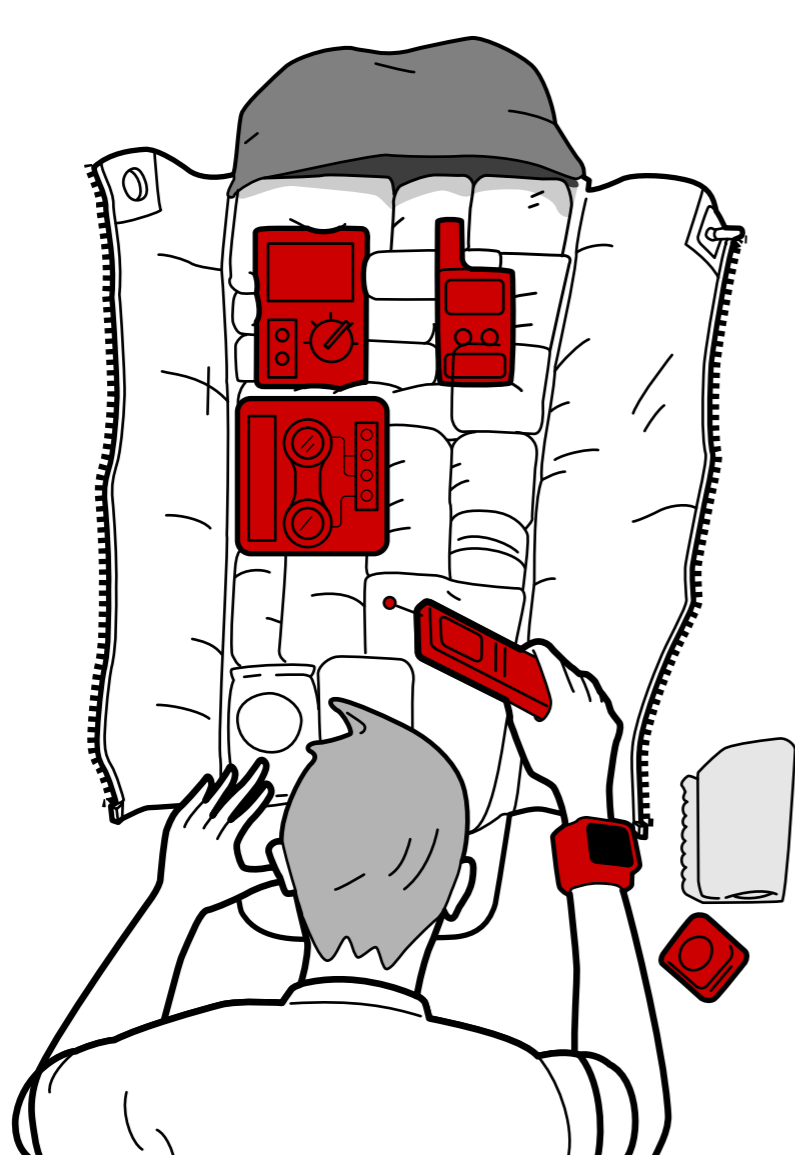
Indicators of a possible recession include:



## The business landscape is shifting

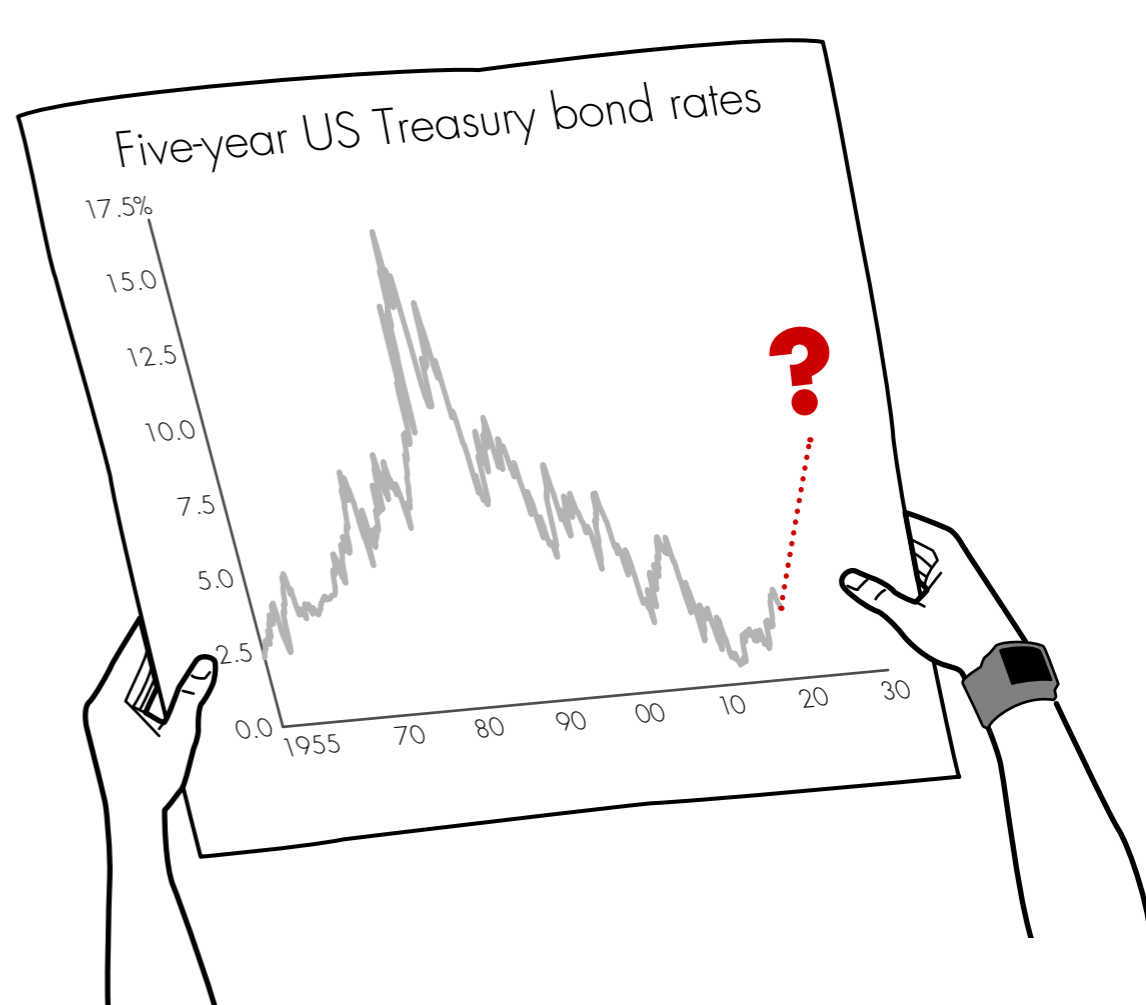
Combined with a looming downturn, two key structural trends will usher in a new business cycle.

### 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.

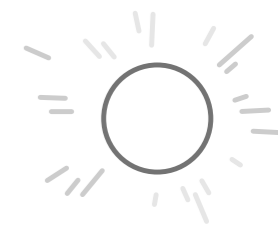
### The end of low interest rates



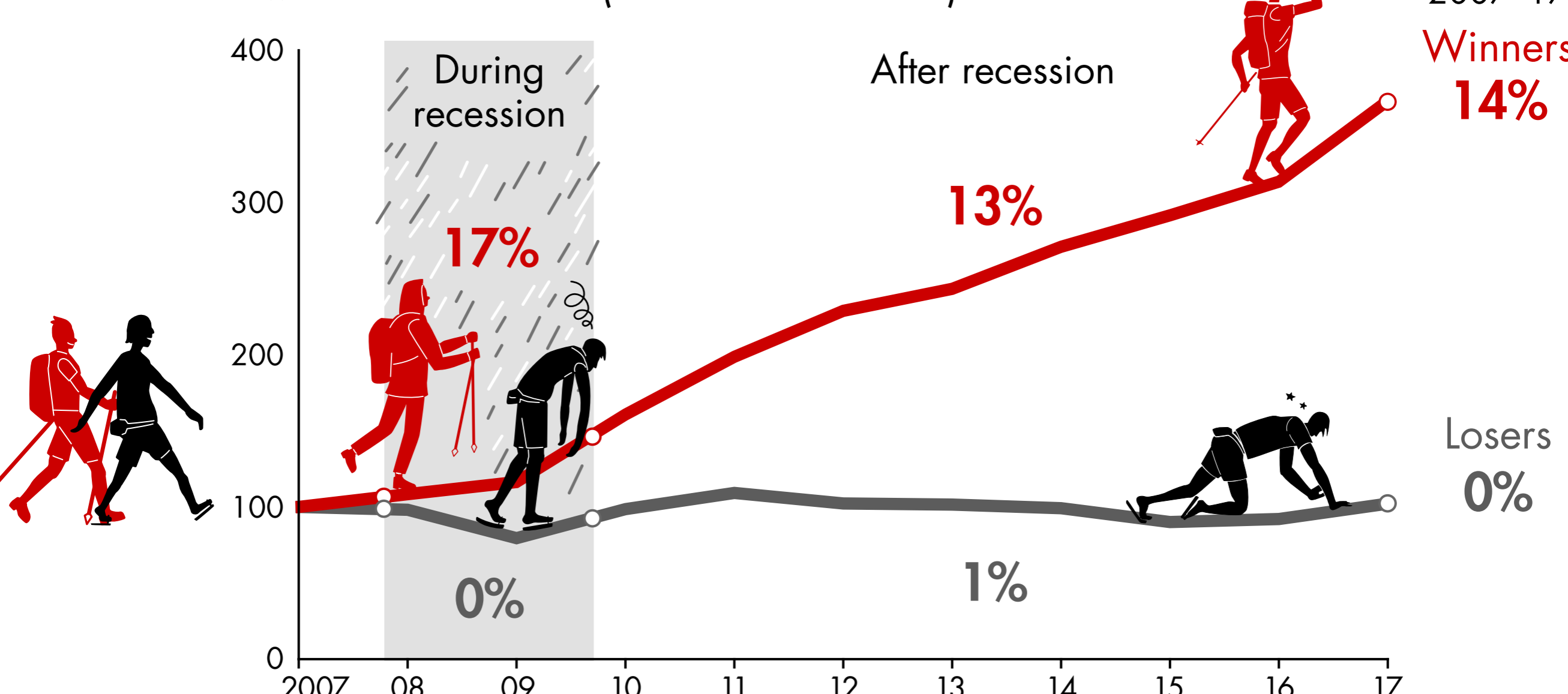
Even if central bankers hold rates low during a downturn, they will rise eventually. This will change capital structures and investment decisions for many firms.

## Planning now is key to success

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



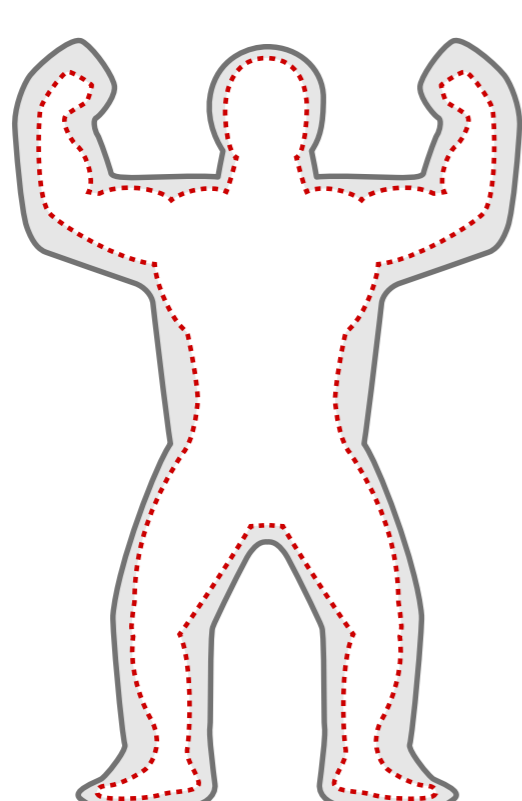
Growth in nominal EBIT (indexed 2007=100)



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

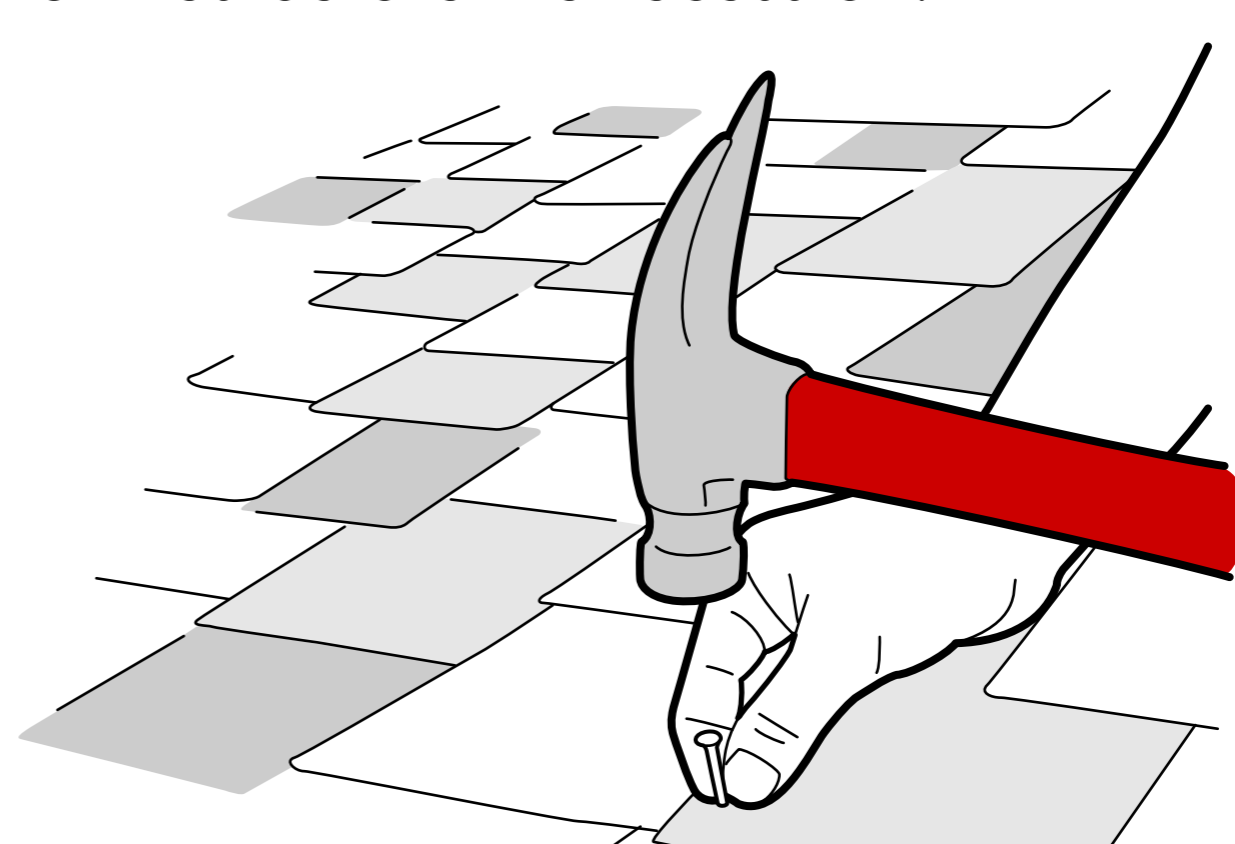
## How winning companies prepare

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.



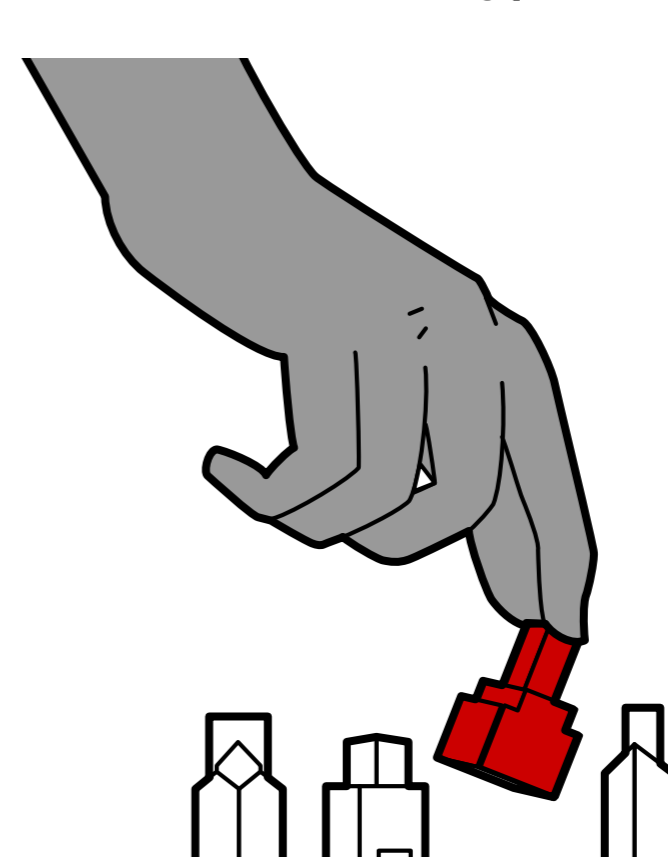
### Put the financial house in order

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)