

## POSITIVE CASH FLOW

is a fog that makes you avoid improvement.

While growing up I had the luxury of having many deep and meaningful discussions with my father and my uncle regarding business and as I evolved through my career those simple little ideas as I grew up became more crystal to me.

One of my favorite memories is my uncle telling me that business is always tough and during certain times it just becomes tougher and it is during those tougher times that true business leaders will emerge.

When the situation of Covid-19 blanketed us all of the standard statistical models became rapidly visible ...

20% of businesses followed the guidelines (LEADERS) and then determined how they could survive. What I was not expecting was to see a large emergence of the entrepreneurial spirit that resided within them ... which of course I should have.

60% of businesses are just following the trends (FOLLOWERS) and complying with requests and hoping that they can ride out the situation and revive their business at some point.

The final 20% of businesses blame the world (COMPLAINERS) and feel that they are owed, and the government owes them some sort of survivorship life-line.

The complainers are getting a lot of media coverage. But in essence they are attempting to survive by doing things they way they have always done them but just hoping for increased revenue. In some cases, they are businesses that have been in business for many years and are reluctant to change and do not want to embrace new processes in a new reality in order to survive ... so unfortunately Good-Bye !!!

The FOLOWERS are going to become vulnerable since they cover a wide gambit of emotions. Some are adjusting and hoping just to remain cash-flow neutral until better times arrive ... but remember at any time business remain tough and as the emerge so does everyone else ... so if you don't have a differenator you will remain in the same situation.

But Covid has created a new kind of FOLLOWER ... one that is becoming anesthetized during the Pandemic which is going to make them very vulnerable as we emerge beyond the Pandemic.

A core group that we are seeing that are currently Anesthetized are grocery stores ... the demographics of the public have definitely shifted as people stay home and cook More and hence new more raw ingredients while at the same time restaurants are suffering.

Let us explore this a bit deeper ...

*"Unless you try to do something beyond what you have already mastered, you will never grow."*

*Ronald. E. Osborn*

Where Lean Thoughts can become Reality

## COVID DEFENSE NEEDS STRATEGIC DIRECTION

For both sectors that in essence access the same Supply Chain so the Original Food Manufacturers are scrambling to shift their balance of production towards retail and away from Food Service. Not an easy task and hard to model, forecast and define any permanence towards because when are things going to shift back, and by how much and when.

The grocery retailers are excited since they are seeing revenues increase significantly but their day of reckoning will come and most likely faster than they imagine. Currently the focus is on leveraging the increase in revenue and turning a blind eye on to accomplish it whether it be through increased manpower, increased costs of suggested process compliance the increased cash flow has become their anesthetic. They are now too busy to divert some energy towards investing in defining what will be their strategic differentiator ... so casualties will continue to be tolled after the Covid situation becomes under control.

The LEADERS meanwhile have done one of 2 things ... they have dug deep and jumped to solution ... doing whatever it takes to survive which ultimately is like winning a lottery. For every business that manages a success there are most likely 10 that have failed.

Just like everything in life all factors rely on a process ... a rational process. Indeed, you may have the technology, or an outstanding product but does it satisfy the value proposition echoed through the "Voice of your Customer (VOC)"? The VOC, has shifted and those entrepreneurial individuals have listened whether formally or informally to their VOC and shifted accordingly. However, their new business model will most likely continue after Covid stabilizes and just be amplified to increase business going forward.

The FOLLOWERS will remain vulnerable since the value proposition has not been justified or rationalized. Whether it is our Grocery Retailers or Uber Eats they are wallowing and anesthetized by positive cash-flow. As the public returns to feeling comfortable eating out again our Delivery Services will see a significant decline in business and who does not realize that the cost of delivery luxury comes at a cost approaching 30% of your bill? That is enough to justify a walk and an extra beer ...

While at Grocery Retail they will return to fighting for every consumer purchase and having to explain to shareholders why their profits have so suddenly dropped even lower than pre-Covid.

As either a LEADER or a FOLLOWER you need to peek through the fog and truly define what is going to be your true Value Proposition? This unfortunately can only be articulated through reflecting on your VOC of your customer. So even if you feel that you are doing extremely well during this pandemic you need to balance your thoughts between "Strategic" direction versus daily "Tactile" survival.

The world does morph, and you cannot go forward by looking in the rear-view mirror, otherwise I would be longing for the use of carrier pigeons, and fax machines for cutting edge of communication.