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Suggestions to Stimulate Client Discussions and Develop Engagements

How can you uncover client concerns so you can help clients more—and generate engagements and revenue? Many clients are performing strategic reviews not just because of the economy, but also to assess fundamental business issues and position their companies for growth after the recession. Homing in on the issues of greatest concern to your clients can help your firm to build relationships and foster business.

The questions below are based on a strategic-review questionnaire developed by PricewaterhouseCoopers, with a focus on costs, cash, and information quality. In addition, the questionnaire examines strategic focus and opportunity for growth. These questions can help you to probe areas where your firm can offer additional assistance to clients.

● **Manage your cost base.**

- Is the business making and buying the right things?
- Is the company eliminating waste?
- Can the company employ smarter procurement techniques?
- Is there a direct attribution of cost to products? What is their true net product profitability?
- What profits are activities generating and where is money being wasted?
- Is the company organized to supply the customer in the lowest-cost way?

—How much is spent on business support? Is this appropriate?

—How much overhead creates value, and how much is just overhead?

—Would it be cost-effective to move transactional activity to shared services centers or to outsource it?

—How can the company eliminate no-value-add costs and keep them out?

—Are business processes and practices aligned to keep costs out?

—Are people in the right place at the right time to minimize waste and maximize profit?

—Are the organization's skills and competitive advantages in the right places?

—Are operations completely aligned to the end consumer?

—Do company executives fully understand where value is being created or destroyed?

● **Treat cash as king.**

—How effective is the company at implementing cash-generating and cash-preserving initiatives? What more can be done?

—What processes have been introduced to manage cash proactively? How can the company monitor the progress of these initiatives?

—Is the company reviewing customer receivables regularly? Who is managing the process?

What targets have been set, and have they been updated recently?

—How effectively is the company managing customer payments? Is there more that can be done without damaging relationships?

—To what extent is inventory management controlled? What is the minimum operating level? What steps have been put in place to achieve this?

—Has the company reduced or eliminated any noncore discretionary expenditures? Who is accountable for this initiative? How much progress is being made?

—Are there any other sources of cash that the company can readily access? For example, are there any surplus assets that can be disposed of?

—To what extent are executives familiar with the obligations on existing facilities?

—What opportunities are there to renegotiate and adapt existing financial arrangements as the business model and trading environment evolve?

—How often do financial stakeholders receive updates? How aware are they of the current situation?

● **Consider the quality of your management information.**

—Does the company monitor its cash position carefully? Is the information received on cash current and reliable?

—Which areas of the business need the closest monitoring? How often is information shared on those critical areas? When is it received?

—What are the key risks facing the business? How should the company monitor its performance against these risk factors?

—Is the senior management team updated frequently enough to make the right decisions?

—Have reporting templates been reviewed in light of recent changes in the business and its external environment? Do these templates require adjustment?

—To what extent are systems geared to providing useful information about the future?

● **Focus on what really matters.**

—Which customers have declining orders? Can this shrinkage be reversed?

—How can the company build more volume through profitable channels to market?

—Which investments are critical to surviving the downturn and which can wait?

—Which core products, customers, and channels should be the company's focus?

● **Look for opportunities.**

—Which parts of the business generate the highest returns on capital and which the lowest? Would those that generate high return benefit from additional growth capital or productivity investments at this time?

—Is there an opportunity to re-engineer the business, thereby adjusting and renewing productivity under new conditions?

—How are competitors affected by the downturn? Does the company know the moves they are probably considering? □

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