



The following results were compiled from a survey conducted during our 1st Quarter 2009 Business Symposium; conducted jointly with Hahn Training and the Niagara USA Chamber of Commerce.

The objective of the symposium was twofold:

- Obtain a snapshot of the business outlook across Western New York Businesses from a representative sampling of businesses.
- Establish a forum for the inter-exchange of best practices among attending companies

59 companies participated, providing a representative sampling of small to medium Western New York businesses:

- 29% of participants had revenues of less than \$1Million in annual sales
- 25% sales of \$1-\$5MM
- 8% sales of \$6-\$10MM
- 12.5% sales of \$11-20 MM
- 16% sales of \$21-50MM
- 8% sales of \$51MM or greater

In addition all major business sectors were represented; Manufacturing, Financial, Service, Distribution and Non-Profits.

Highlights of the survey are below, along with detailed survey results following:

How long do you expect the economic downturn to last?

- 35.5% responded 5-12 months
- 58% responded 12 months or longer

What impact will the economic downturn have on your workforce?

- 34.4% responded NO impact to Full Time employees (FTE's)
- 28.1% responded a reduction in FTE's
- 21.9% have repositioned their FTE's to respond to the market

What strategies/best practices have you enacted in response to the economy?

- Implementing a Barter system
- Adopted a 4 day work week

- Implemented a mandatory 3 quotes for all purchases
- Revamped Healthcare
- More....

Identify 3 tactical actions you've taken to respond to the economy

(in order of frequency of responses)

- Expense reduction
- Better focus and communications
- Re-evaluate sales and distribution channels
- Utilize technology to offset costs/gain efficiencies
- Implement training & development
- More outsourcing

Identify the top expense items in your budget

(in order of frequency of responses)

- Payroll
- Healthcare
- Marketing
- Inventory costs

Describe the standards you have implemented across the enterprise in response to the market:

Most respondents are focusing on better communication and better alignment to the mission statement. This is a good start but not specific enough. Unfortunately most responses were strategic and visionary in scope, and few established measurable performance standards at an employee level. Some of the performance standards stated:

- Increased frequency of coaching (monthly and weekly)
- More team meetings
- Weekly and monthly standards

Describe your company's current economic dashboard:

- Finance, sales & marketing measured weekly, recapped monthly
- Weekly sales/quotes/samples
- Pipeline/ A/R / Appts / new prospects
- Sales/ gross margin / new clients / growth from key clients

Describe the scorecards you have in place for your people:

- Less than 20% of companies had developed scorecards at an employee level



“Think globally, Act locally” completed survey results

Company Revenues:

Less than 1M =	29.2%
1-5M =	25.0%
6-10M =	8.3%
11-20M =	12.5%
21-50M =	16.0%
51M+ =	8.3%

Number of Employees:

1-5 =	17.9%
6-10 =	17.9%
11-20 =	17.9%
21-50 =	21.4%
51+ =	25.0%

Type of Business:

Healthcare =	0%
Manufacturing =	18.5%
Financial =	3.7%
Service =	63.0%
Retail =	0%
Distribution =	11.1%
Non-profit =	3.7%

How long do you expect the economic downturn to last?

0-6 months =	6.5%
6-12 months =	35.5%
12-18 months =	41.9%
Greater than 18 months =	16.1%

How severe do you see the impact of the downturn?

Revenue Projections 2009...

5% + Growth =	32.3%
0-5% Growth =	22.6%
0-10% Reduction =	22.6%
10-25% Reduction =	16.1%
25-50% Reduction =	6.5%
50%+ Reduction =	0%

Gross Margins 2009...

5% + Growth =	22.2%
0-5% Growth =	48.1%
0-10% Reduction =	22.2%
10-25% Reduction =	3.7%
25-50% Reduction =	3.7%
50%+ Reduction =	0%

What impact will the economy have on your workforce?

No impact to FTE's = 34.4%

Increase FTEs = 15.6%

Decrease FTE's = 28.1%

FTE's have been repositioned to meet market demands = 21.9%

Please explain:

- We need to keep the talent for the turn around.
- Retirement, 2008 layoffs. Responsibility re-allocation already took place in Nov 08.
- Down sized July/Aug 08 from 10.5 to present 7.5 people
- Recent changes in ... workforce job duties/responsibilities
- As business increases may have to hire temporaries.
- Layoffs would be last alternate
- We utilize temp & contract employees year round as supplemental workforce so we will reduce that #
- Let go one skilled full time. Let go one young part time. Moved/added admin responsibility to more skilled work through training
- Looking to hire competitors
- Can't answer as projecting to grow business thus increasing FTE's
- Examining benefits to save \$
- We are currently reviewing positions that are handled by multiple employees
- We have repositioned some people and decreased total employment.
- Outsourcing is less expensive than hiring
- More cross training of engineering disciplines
- We have outsourced a few of our responsibilities to save some \$

Identify the top 3 challenges you face in today's economy:

(Answers are ranked from highest to lowest)

- | | |
|-----------------------------------|---|
| 1. Revenue acquisition (20 votes) | 5. Healthcare (5) |
| 2. Cash flow (15) | 5. Topgrading my workforce (5) |
| 3. Revenue collections (12) | 6. Offshore competition (including India & China) |
| 4. Employee morale (7) | (4) |
| 4. NYS tax climate (7) | 6. Training & development (4) |
| 5. Capital expenditures (5) | 7. Government regulations (3) |

Identify 3 tactical actions you've taken to respond to the economy.

(Answers are ranked from highest to lowest)

1. Expense Reduction (21 votes)
1. Focus and Communication (21)
2. Reevaluate Channels (13)
3. Technology (10)
3. Training & Development (10)
4. Personnel (9)
4. Scorecards & Dashboards (9)
5. Capital Improvements (2)

6. Other: More Networking (1)

Please Explain:

- We started initiative .25 to increase sales by 25% with customers we can cover the 25% reductions or closings.
- We covered every area of company.
- Layoff in late 08. Review of all spending, more transparency in sharing sales income info. Focus on key points: revenue, A-B-C customer analysis, etc.
- Job boss communication. Keeping existing clients (get more).
- Tightened up focus on penetration of markets, concise account plans, accountability.
- Mailings - updates to clients
- Use of more powerful channel paid on performance. Technology used to focus message/communicate fast.
- Green industry standards often require our assistance; we need to “Highlight this channel.”
- Looking to hire competitor’s salespeople or grow through acquisition of competitors who may be struggling now.
- Weekly training session internally. Participating in activities like CEL.
- Viral Mktg, blogs, facebook - using all. No training, conferences (all on hold).
- Get away from automotive business. Move more into life sciences and R&D.

What impact has the economic landscape had on your planning & budgeting? Specifically, how has your organization shifted remaining monies to meet the current economic climate?

- Top 3, everyone knows. Not yet.
- 4 budgets reviewed for 2009 Growth triggers discussed, action plans set up.
- Cutback on some promo activities, hold on any spending.
- Put future machine purchase on hold. Doing more outsourcing in bottlenecks.
- Freeze on hiring.
- Scaled back on travel and meetings/other discretionary expenses.
- Newly implemented forecasting and tracking methodologies...as a group.
- Smart marketing budget increases to generate new business. “Guerilla Marketing” = cheap and effective.
- Put effort into focusing products that address prospect financial/commitment/concerns.
- Cut everything to meet payroll
- On hold until financing to increase product line.
- Cut down on discretionary spending.
- Right sizing all areas of the company.
- Reviewing expenditures to trim cost
- Diversification
- More focus on life sciences and energy management. Focus marketing on these areas.
- US Capitalism will play part to redevelop ____, new products, system.
- Cutting costs/hours/salaries

- Focus on collections. Training to get more out of the people that we have. More focus on relationships - customers & referrals.

Identify the top 3 expense items in your budget:

(Answers are ranked from highest to lowest)

1. Payroll (28 votes)
 2. Healthcare (14)
 3. Marketing (12)
 4. Inventory (8)
 5. Travel (3)
 5. Energy (3)
- Other: Outsourcing (1)
 Other: Employees (1)
 Other: Overhead (1)
 Other: Facilities Mgmt (1)
 Other: Equipment (1)
 Other: Tech Maintenance (1)
 Other: Event Planning (1)
 Other: Raw Materials (1)

What strategies have you developed to reduce or mitigate these expenses?

- Not yet.
- Went to 4 day work week to cut costs. Staggered field operations for customer service. Voluntary pay cuts for management.
- VMI (Vendor-Managed Inventory), Hiring freeze on salaried/hourly, Commissioned reps ok, no freeze, Consolidation of delivery routes, fuel surcharges.
- 3 quote work sent out on materials purchased.
- Barter, frugality
- Healthcare is selected via Nationals Division - so no control regionally. Most likely with the downturned economy there will be no raises across the division for next 2+ years.
- More business
- Cut workforce. Healthcare savings account.
- Switched healthcare provider.
- Reducing unnecessary expenses. Increasing (smart) marketing budgets to generate new business. Guerrilla Marketing - social, PR, etc, word of mouth.
- Find lower cost high impact marketing. Pay bonuses on performance.
- Cut staff, cut my salary. Re-invest in marketing.
- Hire contract employees (1099).
- Decrease work hours to 30.
- Reduction of what we allow our sales force to expenses.
- Reduce total payroll. Redid and changed healthcare provider. Quoting all Raw materials.

- New healthcare plans.
- Less traveling to events. Attend more local events. Revolve.
- Identify ROI of advertising, contributions, entertainment, etc.

Describe the standards you have instituted across your team to modify behaviors to support your strategy.

- Focus top 3 items
- In house meeting, walking the 4 corners of business to talk to everyone. Raise bar - discuss actions - responsibility.
- Focus on the positive - reinforce value of employees.
- 30% work force reduction mid summer 08. Eight minute daily meetings to keep on task (client driven).
- Barter
- Formed relationships nationally, divisionally, and regionally to collaborate on assisting areas of need. (ie: product donations)
- Refocus on our mission statement
- Strategic plan. Weekly/monthly dashboards.
- Time management skills, tracking to verify
- Logging, tracking, reviewing
- Keeping everyone informed on real “status” of things. Being honest and asking for 100%. Indicating to staff that my “markets ___” is work to get work, even if not product of work.
- Team meetings to keep them abreast of what is happening - open communications with them - remind super positive.
- Economy is not an excuse! We listen to our customers however no excuses.
- Direct mail to supplement sales via distributors.
- Coaching, meeting
- No real changes in this area.
- Developing new, more relevant programs.
- Call/appt board, CRM, Networking and events - local and specific to target markets.
- Communicate through company story sells application.....
- Very little - new markets
- Pay structure is geared to bonus

Workforce Effectiveness

In evaluating performance standards, what percentage of your workforce is individually meeting their standards?

Performance category	Percent of workforce falling in this category
Percentage Outstanding	16%
Percentage Exceeds standards	17%
Percentage Meets standards	32%
Percentage Needs Improvement	20%
Percentage to get off the Bus	15%

Weak Links: Is there a particular department or team that needs immediate attention?

- Delivery
- When cutting back hours and staff and action is stepping up and more is falling through cracks or getting pushed to complete.
- More individual performers or sub-standard performers. Not whole depts. or teams.
- No (4)
- Sale & floor management.
- No - individual personnel, current hiring freeze, unable to reduce staffing positions as unable to re-fill at this time
- No, as departments all meet or exceed expectations
- In our slimmed down state, we weeded out weak links already
- Reactive vs. proactive marketing and sales
- Customer service needs to stay focused on gross margin growth in 2009
- Customer service dept
- Controls dept cross training
- Collection and operation
- Lead generation
- Yes, we have a division that should be growing and it has stagnated. It is in the health insurance field.

What are your current plans to upgrade the performance of your workforce?

- Training at sales meeting
- Already in play - meeting and reviews happening
- Individual attention from me! Stated financial goals with follow-up.
- Continues training and hard work. Target potential clients and existing.
- Constant communication
- Elevated training and development methods - from team based to individual based plans.

- Continual training and implement performance standards
- Time tracking, employee reviews (performance), company success visibility
- Implement visual objectives/standards
- Doing strategic plan this year together as a group exercise
- Free interns for customer service, follow up
- Maintain or increase communication within the office
- We are modifying job responsibilities to tap into talent we already have, but may not be using.
- Stay focused on the dashboard, sales funnel, coaching, increase our sales mtgs to keep the group focused
- Continued training and coaching
- More cross training
- Keep on task
- Not at this point
- Better training, better communication from the top down. Lead by example. Force them to get out in the community by taking them to events.

How have these standards been conveyed? And, how do you intend to reinforce them on an ongoing basis?

- On every workspace
- Reviews and accountability/job cost reports
- Monthly sales meetings, weekly contact individually.
- Daily 8 min meetings and bi-monthly manager meetings.
- Daily
- Via CEO and Regional leadership monthly meetings and accountability.
- Yes, weekly meetings, dashboards
- Implementing new performance standards
- Implementation of accountability products. We have to “know” the data to plan around it.
- Open positive communication
- We hold weekly department meetings and individual staff meetings to keep people in the loop
- Group meetings and weekly dept mtgs
- Working on mtgs and teambuilding
- Needs improvement on better communication

Describe your company/department’s current economic dashboard.

- Offer a lease with every quote. Offer accessories to increase every sale. Offer extended warranties with every sale.
- Have finance, sales, marketing weekly. Recap monthly
- Sales, GM, Payables and growth into key customers
- Need cash (Date accounts rec, profit per job, profit over time per client, time spent questioning each client.

- Non-existent
- Regional, divisional, and national in place
- Weekly sales/quotes/samples sent
- Budget
- Time trackers, profitability
- Cash flow, cash flow, cash flow, return clients, strategic new clients (Praxair, New Era)
- Pipeline, A/R, Appts, New Prospects
- Developing cash flow
- Event attendance, testimonials
- Revenue growth and new markets
- Sales/Gross Margin/New Customers/Growth to key customers
- We watch revenue, cash collection and customer retention
- Get up early and stay late. This local market is very cost effective market. Passion. Supply chain mgmt.

Describe the scorecards you have in place for your employees?

- Sales and profit objective
- Strict job cost codes and tracking. Estimated cost to account between 1-2%.
- Vendor work days, monthly sales targets, gross margin targets, new account growth.
- Received daily in PEIR meeting
- No (4)
- Regional, divisional, and national in place
- Need to be re-evaluated
- Currently implementing performance quarterly reviews
- Personal consultations (no recorded view)
- Same as my dashboard
- Developing
- Scorecards monitor sales, margins, funnel review, product presentations, review of the sub
- Sales, pipeline mgr, sales budget hourly, expenses
- Appts/Calls board

How frequently are you providing feedback and coaching?

- As needed - 5.6%
- All the time - 22.2%
- Daily - 16.7%
- Weekly - 22.2%
- Biweekly - 11.1%
- Monthly - 5.6%
- Quarterly - 5.6%
- Rarely - 11.1%

In reviewing the current budgeting, I intend to use the following mediums to support learning and development of my team in 2009:

Corporate development investment priority	Rank
Coaching	1
Web based training	3
Leadership training	5
On going Classroom training	4
On going Mastermind group with peers	2
I do not intend to implement anything	13
Access to whitepapers / blogs	7
Lean/Six Sigma	6
Quarterly workshops	10
Other: Monthly sales/training mtgs	12
Other: Manufacturer visits/trainings	
Other: Training provided by franchise HQ	
Audio re-enforcement concepts	12
Computer based training	8
Train the Trainer programs	11
Half day Seminars	9

I have allocated the following budget dollars to corporate learning and development in 2009:

\$0 = 12.0%	\$10,001- \$50,000 = 8.0%
Less than \$2000 = 56.0%	\$50,001- \$100,000 = 0%
\$2001- \$10,000 = 24.0%	Greater then \$100,000 = 0%

Have you adjusted your products, pricing or organizational structure to meet the economic conditions? Please discuss and explain.

- Product mix pricing adjusted where needed
- Opening up to a wider array of scope of work
- Yes, layoffs, meeting competition as needed
- Yes charging less for unattended time on machining because present workforce can often run 2 or 3 machines at a time
- Yes, cut fees on services
- Yes, lowering fees
- Everything we offer is free except cost-recovery on certain products
- Not really
- Cut staff
- No
- No, we've been generally successful in how we've been operating. Maybe we're making slight tweaks as we see fit.
- Yes, ease the up-front burden while not going cheap.
- Have resisted adjusting pricing.
- Focusing on more essential and vital products and fun products.
- We ran a promo with free shipping for over x dollars spent
- Yes, allowing people to stretch payment terms, customize membership, add more benefits.
- Hire someone else to sell so I can develop new products and markets
- Yes, we're focused on cost reduction and gross margin growth
- Yes, we offer improved products. Our organizational structure was changed a year ago. We are fighting the price game every day. Our goal is not to under-price.
- Yes, diversification and filling the shop wisely.
- Yes, reduce budget but try to maximize training efforts. Local training, etc...
- Needs to be re-defined
- Organizational structure, some re-design
- As stated before, we change the organizational structure by outsourcing the technology and other service work. Small accounts to service customers. We are trying to expand our product base.

What medium or sources do you use to keep abreast of the economic climate?

Trade rags = 10.3%

Chambers = 7.7%

Associations = 11.5%

Trade shows = 5.8%

Circle of contacts = 14.1%

Peers = 13.5%

Mindshare groups = 5.1%

Networking groups = 12.2%

I've given up trying to follow it = 0%

Internet = 12.2%

Blogs = 5.8%

Other: Tv/Newspaper/News = 1.3%

Other: Customers = .6%

Which are the best sources of information?

- The street
- Face to face contact
- Peers and vendors (4)
- NTMA and MSA WNY
- Internet (7)
- Kiplingers newsletter
- There is no one best service, multiple sources provide a better snapshot
- All of the above
- WSJ
- Mindshare group
- Business first
- Professional society blogs
- Networking groups (2)
- My network
- They are all important and bring good input to the table and different perspectives.
- Customers
- Our membership in an alliance which is industry based. We meet quarterly to exchange best practices and ideas. This is absolutely our best source of industry information and trends.
- Trade journals and suppliers
- Associates and personal contacts - cpa's and customers

Please rate the following in importance to the success of your organization:

	Not Important	Somewhat important	Very important	Critically Important
Large Account Management	0	2	9	18
Territory Development	5	9	8	7
Negotiation	0	4	19	4
Customer Service	0	0	8	21
Leadership Development	0	12	9	6
Communications	0	3	8	16
Product Development	4	11	10	3
Lean Manufacturing	8	3	11	3
Strategic Planning	0	2	14	12
Workforce Development	2	6	16	4
Operational Efficiency	0	3	13	12

Results were compiled from a workshop and survey conducted February 11 2009

Would you be interested in joining an ongoing local Mastermind Group to address business development issues?

Yes - 16

No - 4

Need more information - 4