

Subject: Week 83 learnings - fasten seta belt  
Date: 05.08.2019 05:24:27 (+0000)

Dear All

We seem to have tough news every day now. Here is a sample of the news items:

1. President Trump promises a 10 % tariff on \$300 billion worth of Chinese goods from September 1, on top of current 25 % on \$ 250 billion.
2. The Chinese currency Renminbi has dropped below 7 to the dollar, for the first time in ten years.
3. The US GDP growth last quarter was 2.1, virtually half of what it was two quarters ago.
4. India growth last quarter was 5.8 %, there are 460,000 apartments unsold in the top 7 cities.
5. Both 4 wheeler and 2 wheeler sales are in negative zone in India.
6. Earthquake in Indonesia, bomb blasts in Thailand !
7. All interest rates have dropped, German yield in negative zone.
8. Change in leadership in the UK< Brexit seems a reality now.
9. Deutsche Bank has written own a significant amount.
10. Most CEO jobs are changing, the latest being HSBC this morning.

What does uncertainty mean to running a business? Here are my own learnings from being in such situations in the past:

1. Uncertainty and a crisis always helps well run companies, well run companies do better and gain share in uncertain times.
2. They key is cash, cash is king at all times, more so in uncertain times.
3. Stressed assets are available for a good deal in uncertain times.
4. Employees need higher communication on strategy and execution and specifically good news on where we are winning in uncertain times.
5. Uncertain times are not the best time for big bang investments.
6. Price becomes a key tool and goes down in a spiral in uncertain times. Price cut without a commensurate cost cut is a drain on the system.
7. Uncertain times are 'fasten seat belt' times and one must con troll costs dramatically.
8. Protect your large customers in uncertain times. Cost of serving existing customers is lower in uncertain times.
9. People hold onto existing jobs in uncertain times.
10. Engagement with eco system is important since everyone is in the same boat, eco systems which support each other win over divided eco systems.

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