A downturn may be on the horizon

Indicators of a possible recession include:
- Historically long period of economic expansion
- Signs of overleverage in the corporate sector
- Geopolitical uncertainty around the world

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.

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 rebuild for the next stage in the business cycle.

Play offense by reinvesting for growth

The strongest companies coming out of recessions went on offense early while others thought only about survival.

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.

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.

Preparation Is Key to Winning in a Recession

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

www.bain.com/recession-strategy

Read more:

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