



Managing for the Recovery

Is it over yet? OK. So now what?

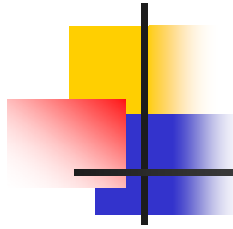
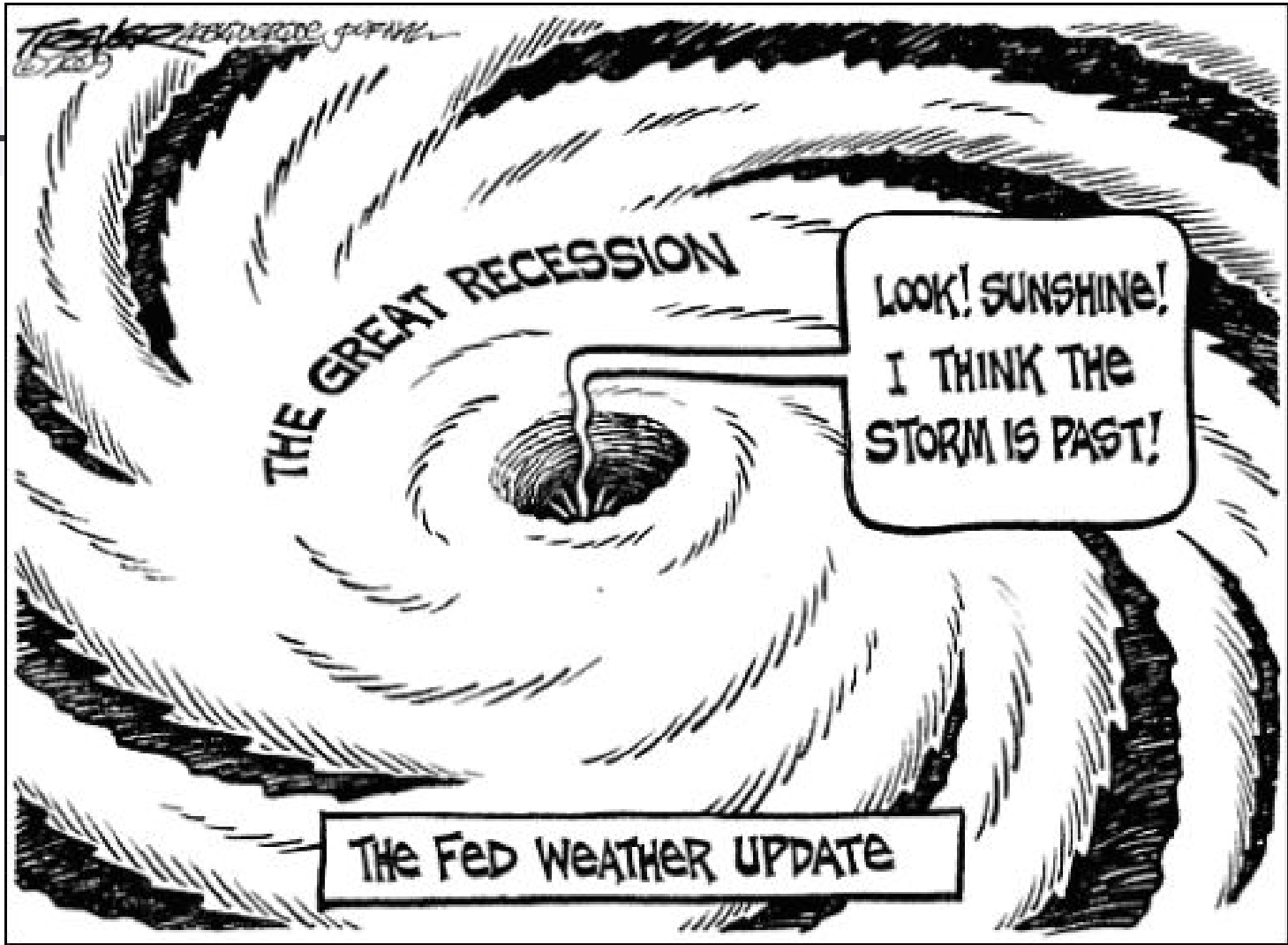
October 28, 2009

Jeff Pontius



Managing in the Downturn

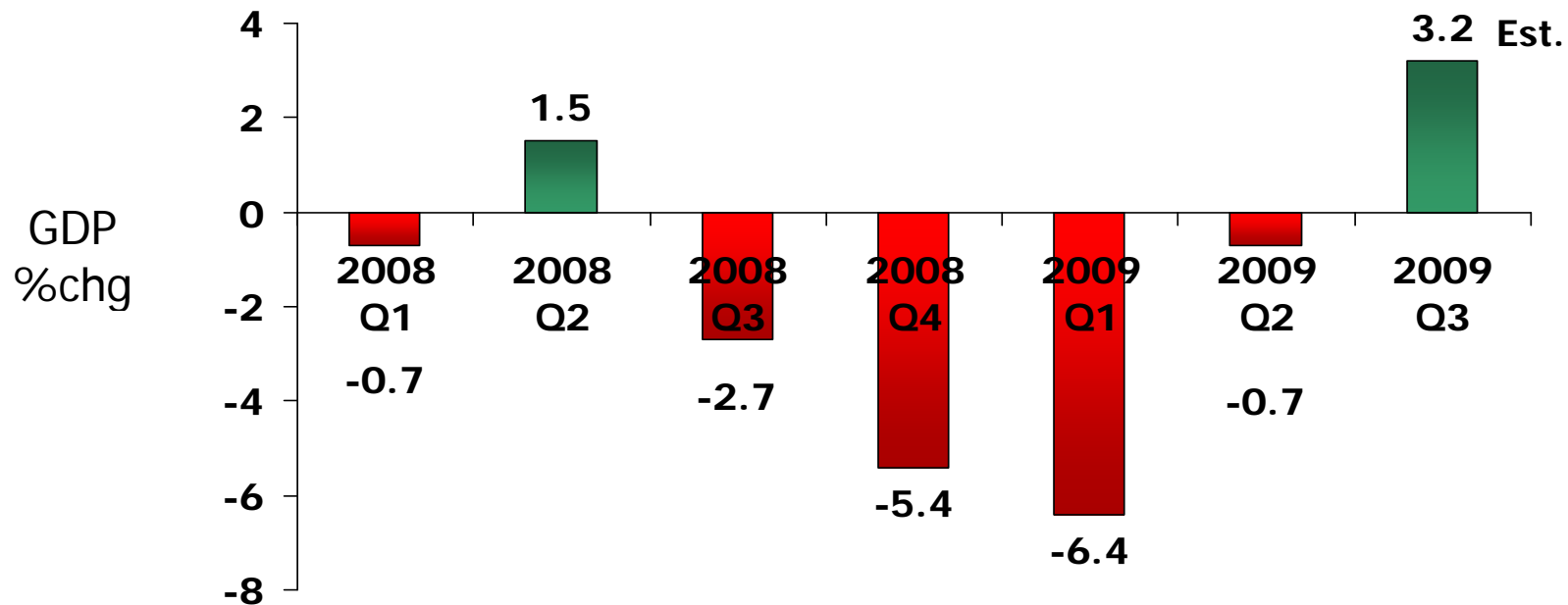
- Reduce forecasts
- Cut spending
- Freeze salaries
- Downsize staff
- Scale back expansion/capital spending
- Slow production
- Reduce inventory
- Conserve cash



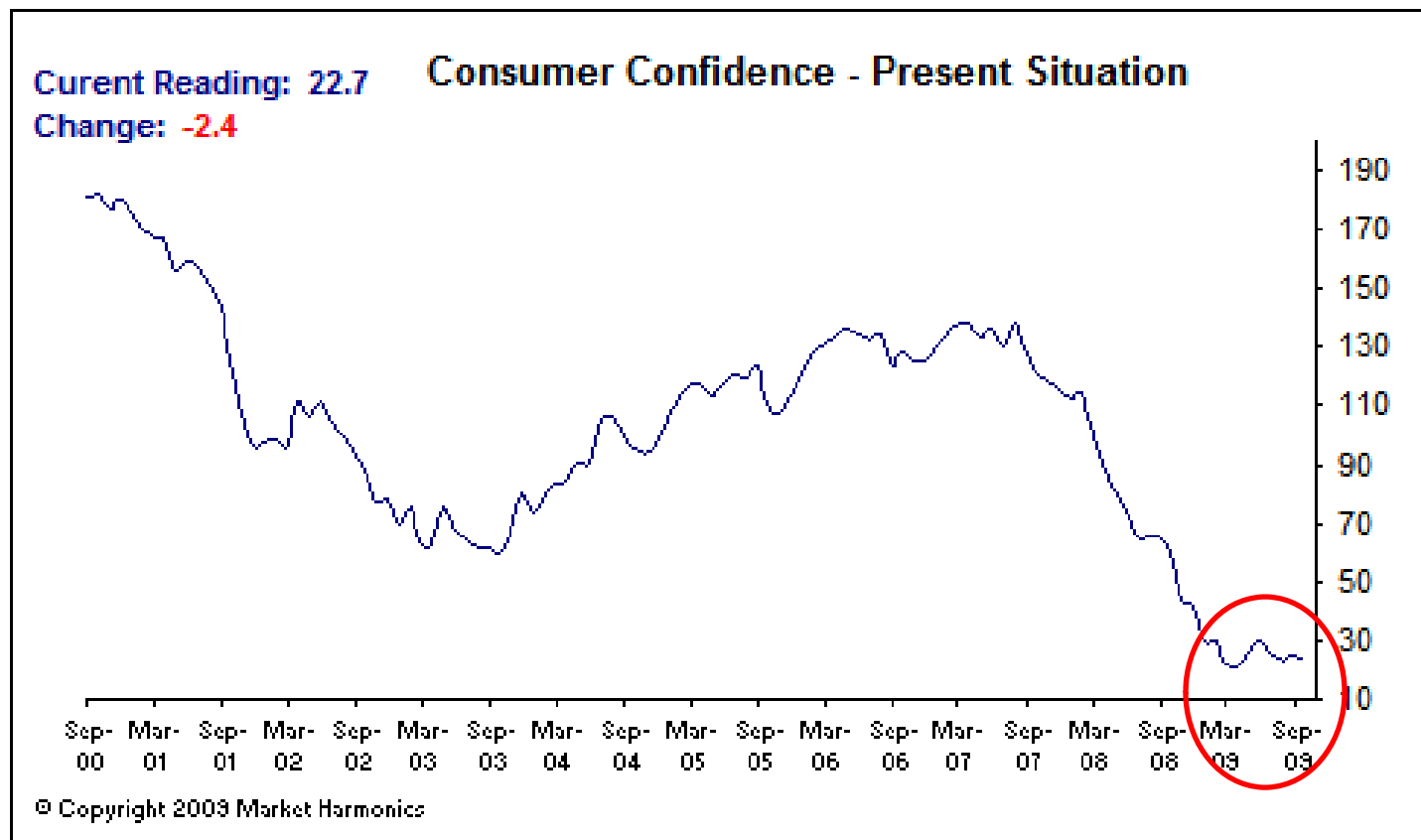
Technically...it's over

Longest, deepest US Recession in recent times

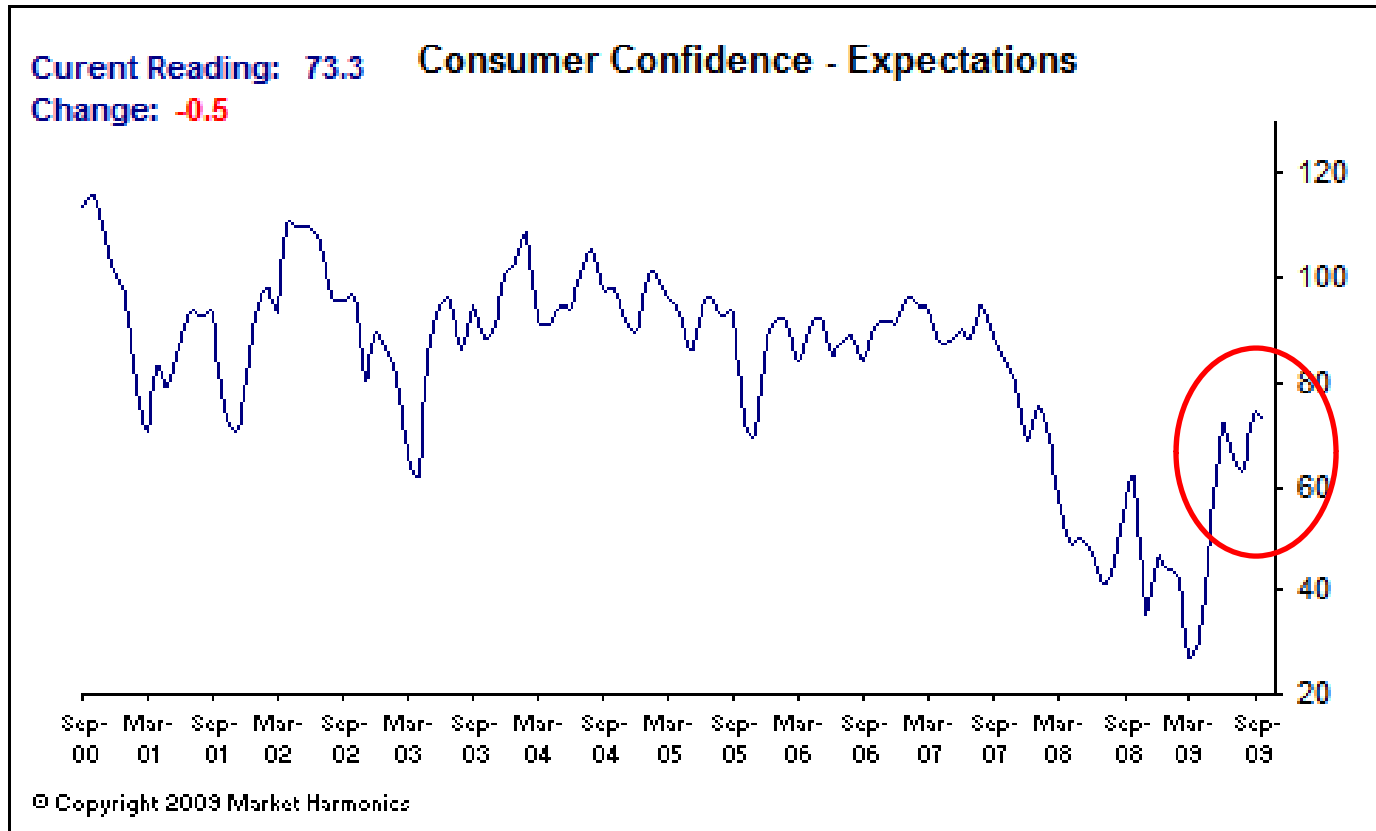
- **December 2007 – Recession Started** (Bureau of Economic Research)
- **August 2009 – Recession Ends** (US Federal Reserve)



Consumers don't feel it yet

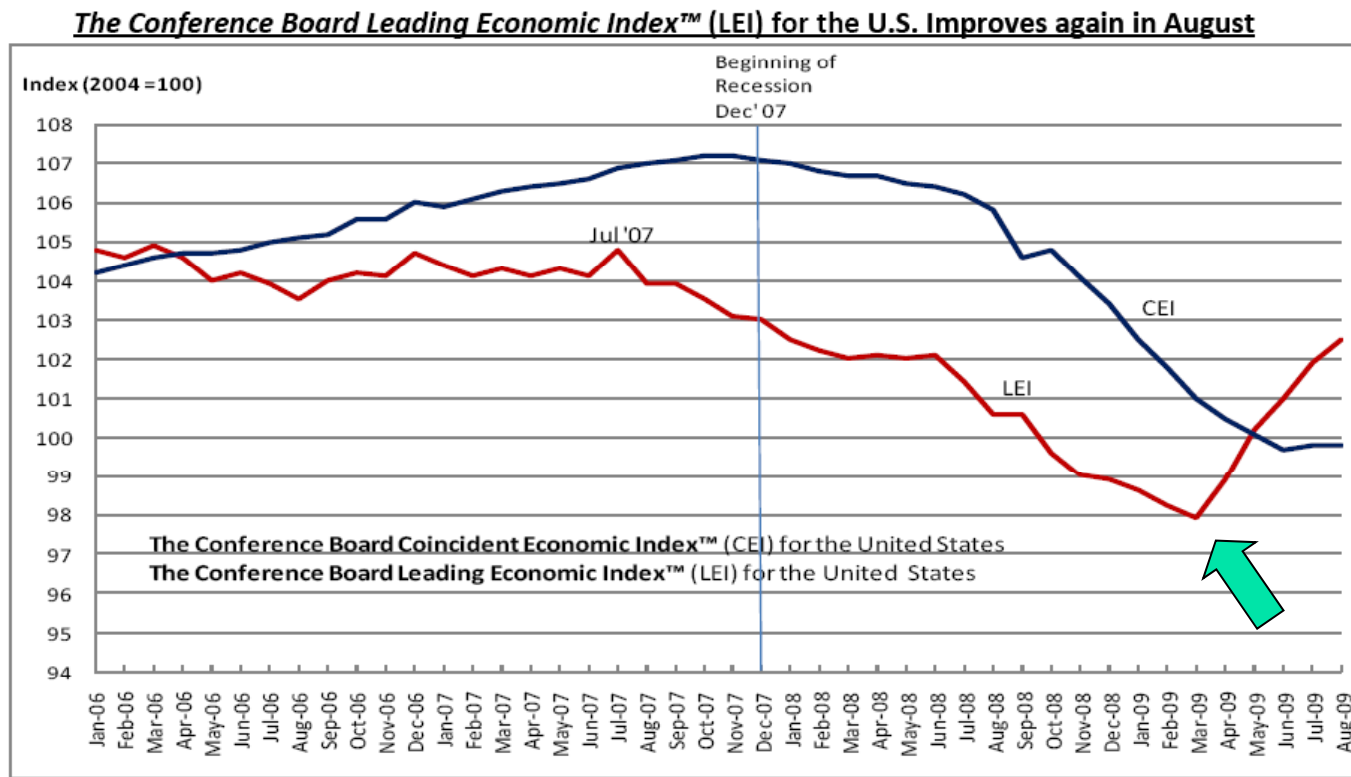


But they expect to shortly



Leading Economic Indicators

Recovery really is coming. LEI have been up strongly since April.



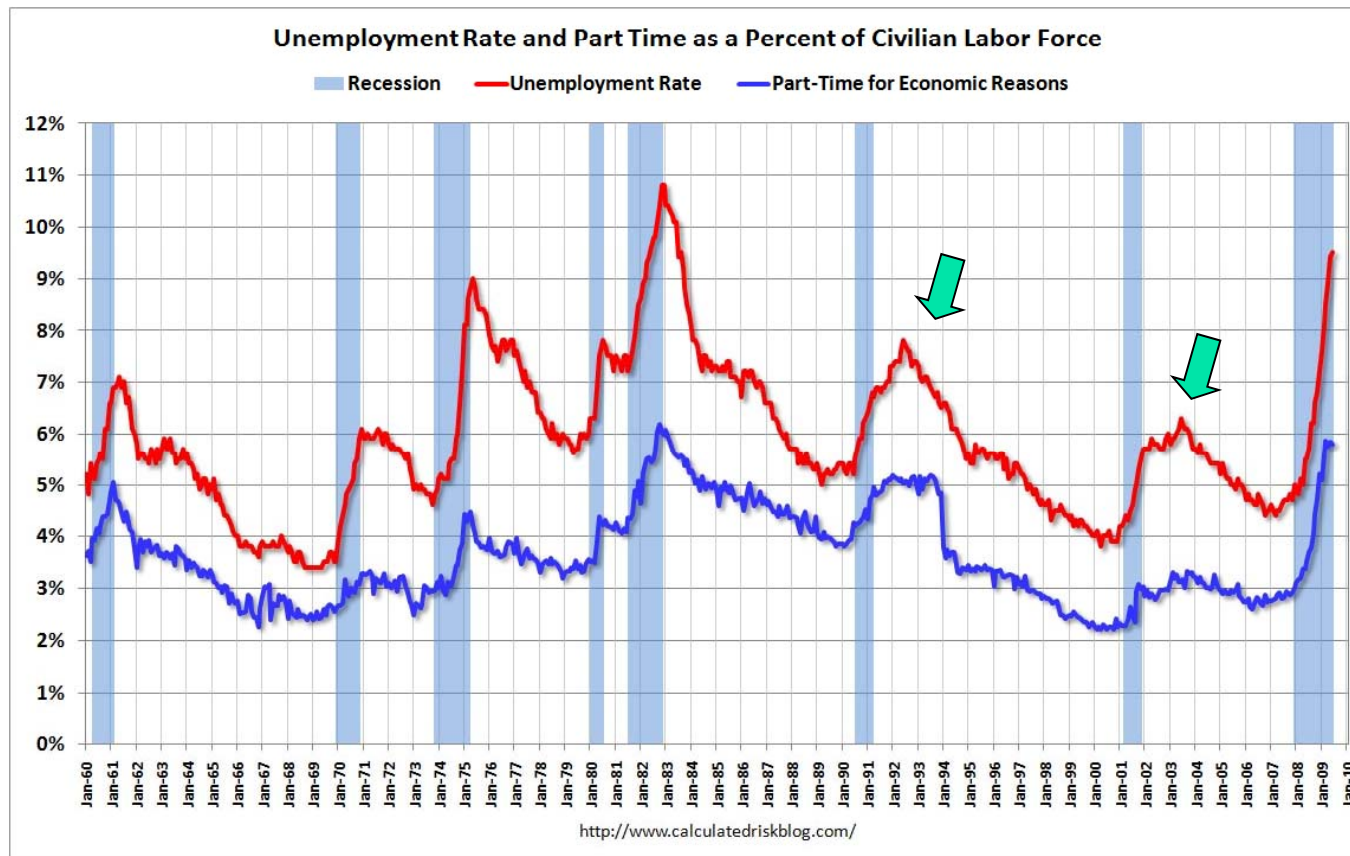


Economic Forecasts

- Christmas sales : transitioning
 - from -3% LY, to +1% TY forecast
- 2010 US Economy
 - GDP forecast +2.5% *The Economist*
- What about Fishing?

Unemployment will continue

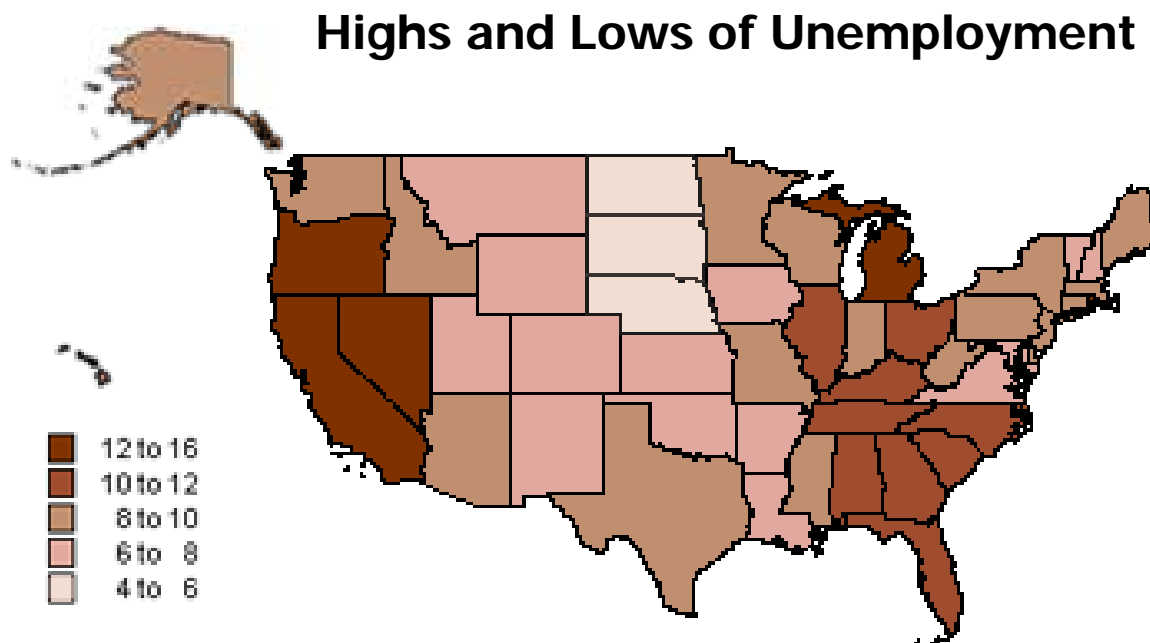
Since unemployment lags, we'll see it throughout 2010. Expect fishing participation to stay healthy.



Regional differences

Significant variation in downturn by state due to exposure to real estate, manufacturing, etc.

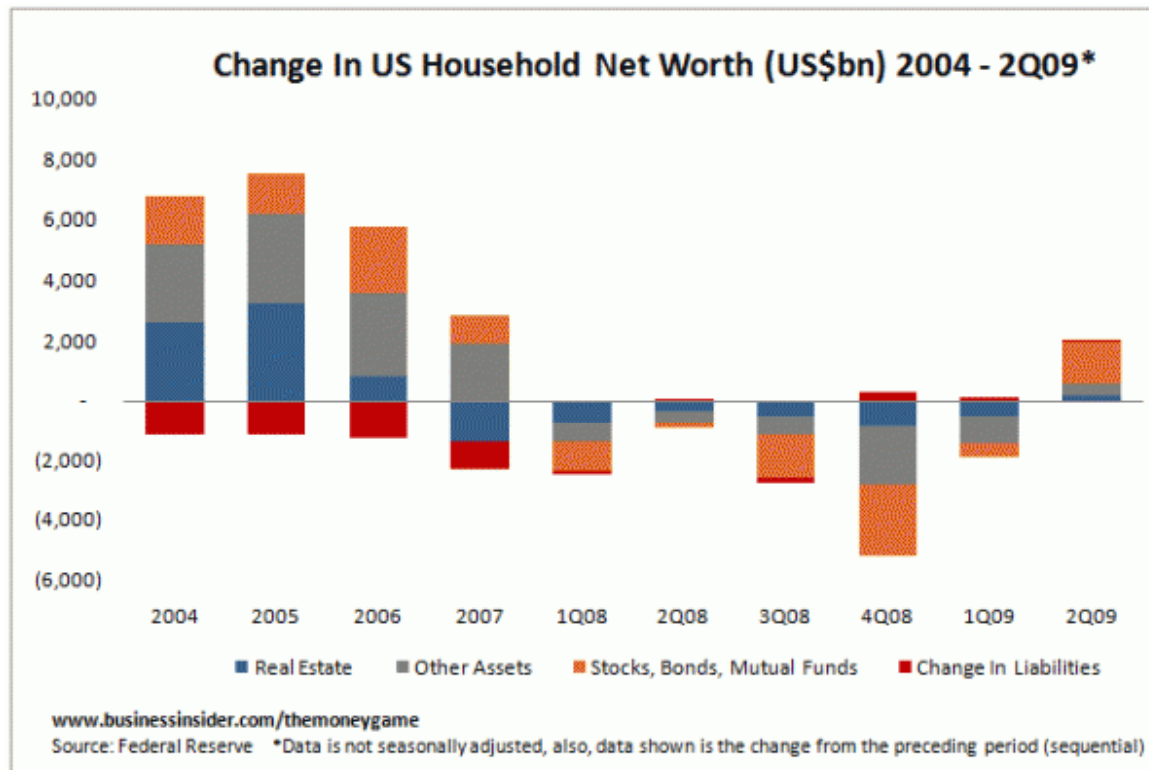
Recovery will be uneven too. Marine closures won't help!



Source: Bureau of Labor Statistics as of October 1, 2009.

People lost wealth quickly

- Consumers saw a rapid loss of wealth in 2008/2009.
- Short term reaction was to freeze spending.



Return to savings

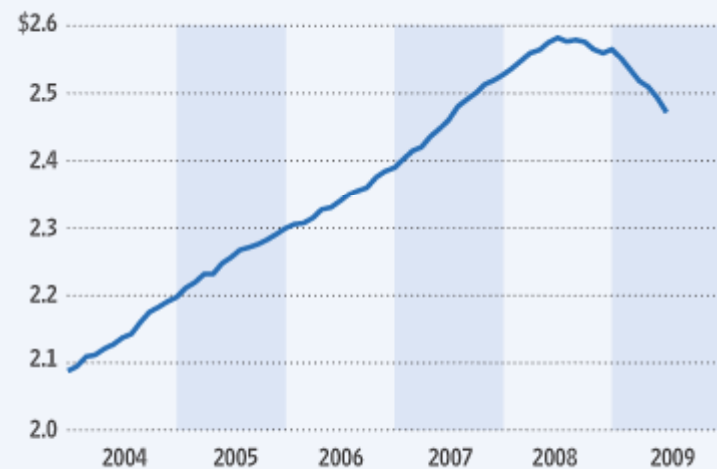
US consumers have slowed their use of credit and savings rates are trending back up.

This is healthy overall, but suggests a longer recovery period.



Shedding Debt

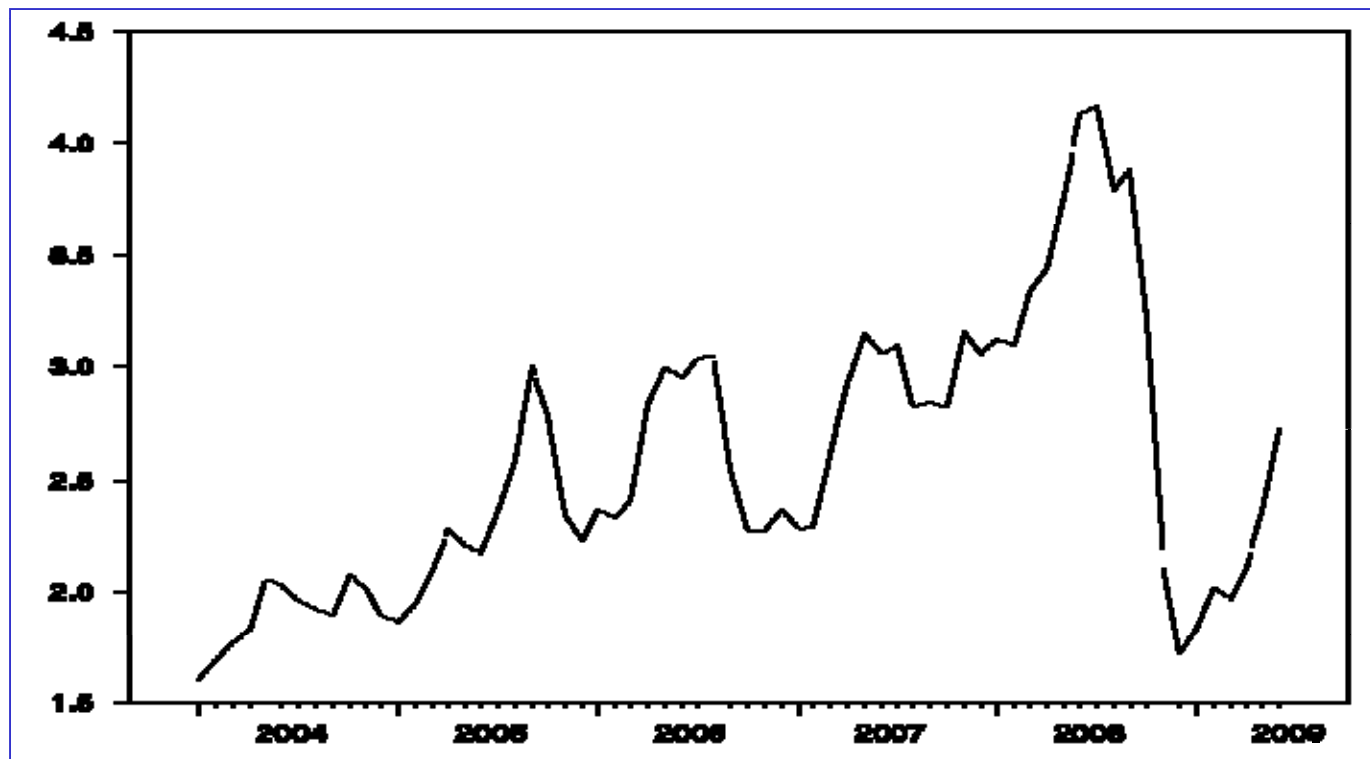
Consumer credit outstanding, in trillions



Source: Federal Reserve

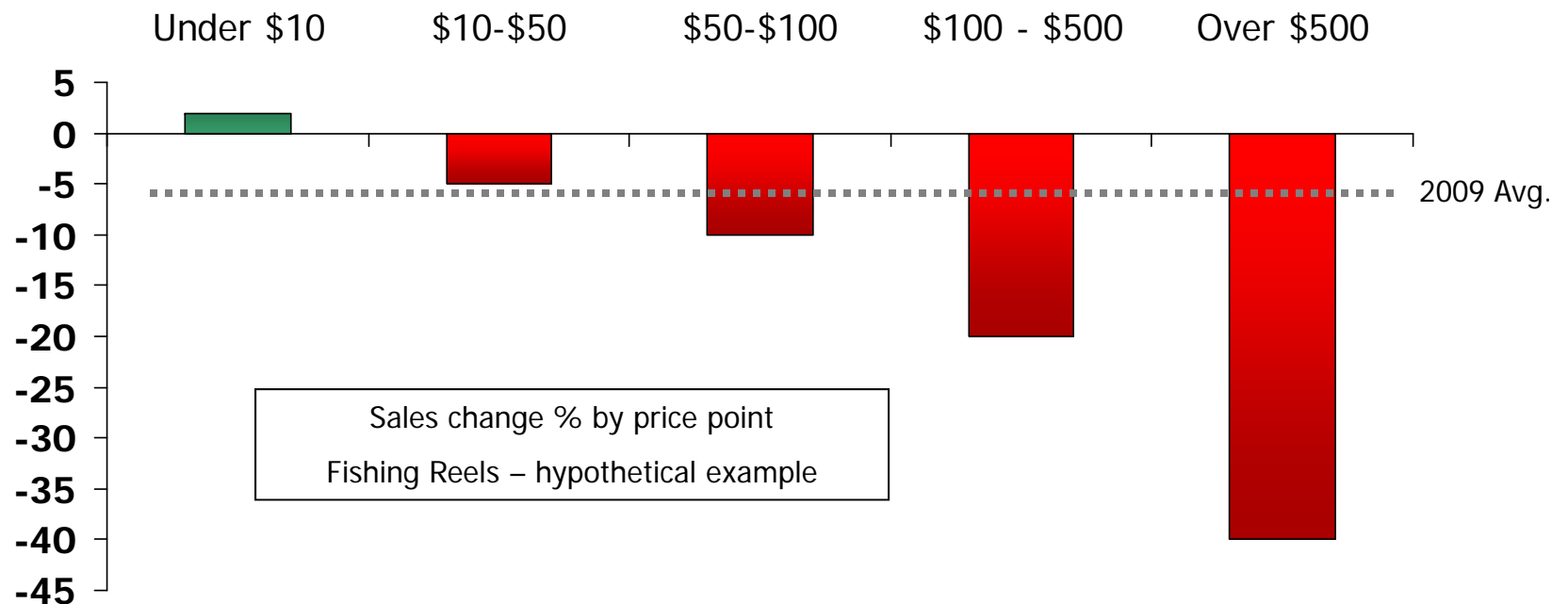
Retail Gas Prices

- Gas prices hurt 2008. Not so much in 2009.
- 2010 not expected to increase dramatically at the moment...



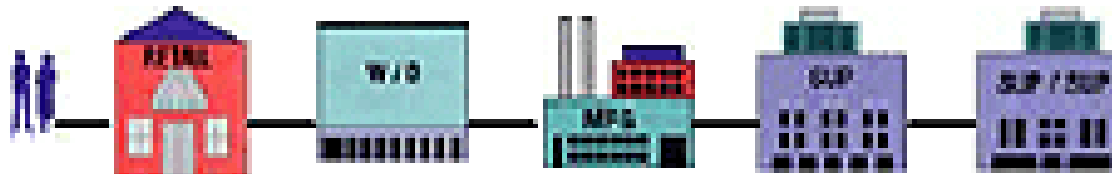
Impact by price point

- On average, higher priced and more discretionary items performed worse in 2009.
- Recovery will reverse these trends, but take more time for high end/planned purchases.



Supply Chain risk

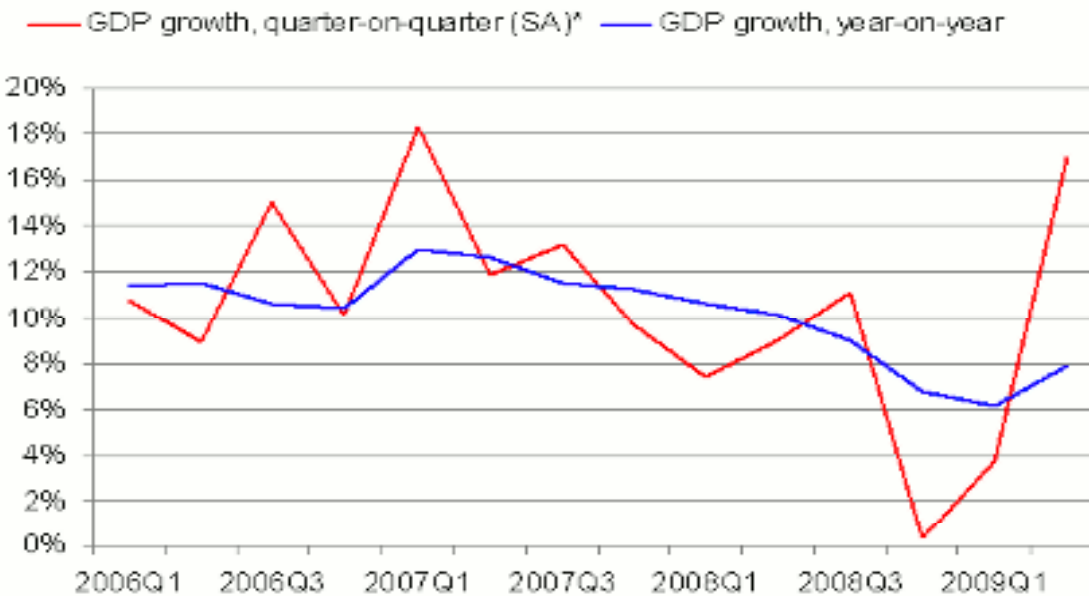
- **Some categories could bounce back quickly**
- **Retail Inventory likely low (check if you can!)**
- **Potential to Whipsaw factories: from low volume to heavy**



China is already back

- China is the #1 source of fishing imports.
- China experienced an unprecedented drop in 2008, but has bounced back amazingly quickly in 2009.

China GDP Growth, Quarterly



Source: National Bureau of statistics of China; *Albert Keidel (2009) calculations



Managing in the Recovery

- Restore your External focus
 - Time to play some Offense!
 - Reconnect with the marketplace!
 - How are your customers and competitors behaving?
 - how were they affected?
 - Where are the growth opportunities now?
 - Don't forget the Resource!



Managing in the Recovery

- Preparedness & Contingency Planning
 - Budgeting prudently with upside?
 - Are you ready if it turns on?
 - Expect volatility in demand
 - Plan supply chain/production response



Managing in the Recovery

- Organization Alignment
 - Do your whole team know how you're playing it?
 - Are they still hunkered down when you've decided it's time to get aggressive?
 - Let folks know when the plan changes!



Managing in the Recovery

- Show some love to your best people!
 - The economy is recovering, regardless of how your business is doing...
 - Your best people will be exposed to new opportunities first!