

An aerial photograph of a port terminal. The foreground is dominated by stacks of shipping containers in various colors (blue, red, yellow, green). Several yellow forklifts and other port machinery are visible. In the background, a large ship is docked at a pier. The water is a deep blue. The overall scene is busy and industrial.

Gartner®

# Preparing for an Economic Slowdown

Key Questions for  
Executive Committees

# Contents

<b>Introduction</b>	<b>Page 3</b>
<b>Corporate strategy</b>	<b>Page 4</b>
<b>Customer retention</b>	<b>Page 5</b>
<b>Financial and supply risk management</b>	<b>Page 6</b>
<b>Expense management</b>	<b>Page 7</b>
<b>Talent strategy</b>	<b>Page 8</b>
<b>Compliance and ethics</b>	<b>Page 9</b>
<b>Change management and communication</b>	<b>Page 10</b>
<b>About Gartner</b>	<b>Page 11</b>

# Introduction

This document contains the key questions every executive committee should be asking to assess their company's readiness for an economic slowdown. The questions draw on our research and support of companies through previous periods of economic uncertainty — periods that:

- Quickly restack industry leaders and laggards
- Reward management teams that capitalize on uncertainty to play sharp offense as well as defense

We have grouped the questions into seven sections:

- 1.** Corporate strategy
- 2.** Customer retention
- 3.** Financial and supply risk management
- 4.** Expense management
- 5.** Talent strategy
- 6.** Compliance and ethics
- 7.** Change management and communication

# Corporate strategy

- 1.** Do we recognize the relative advantages and disadvantages that specific industry players will experience as the economic situation changes?
- 2.** Can we muster the internal commitment to act decisively to seize the advantages that market distortions create?
- 3.** Do we have a clear view on how we would like our business leaders to focus their time differently (e.g., engaging lead customers in new ways)?
- 4.** What are the indicators of sufficient weakness in demand that would prompt us to consider immediate action?
- 5.** Are we prepared to do a quick and efficient business portfolio review, including potential acquisitions and divestitures?
- 6.** What government or regulatory interventions are likely as a result of the economic situation, and how would they affect our company and our industry?
- 7.** How do we avoid overcorrecting (e.g., excessive cost cutting, R&D slowdown, layoffs, divestitures), which could hamper our growth restart?

# Customer retention

- 1.** Are any parts of our value proposition diminished by a weak economy? Do we have a plan to mitigate any weaknesses?
- 2.** Do we know which customer segments are most at risk under financial pressure? What is our plan to strengthen our relationships with at-risk customer segments?
- 3.** Do any of our loyalty drivers change (or disappear) during the current conditions?
- 4.** What are our indicators of weakening customer demand or loyalty? How much notice will we have in advance of significant customer defection?
- 5.** Have we made it easy for customers to remain with our brand(s)? Have we made it easy for competitors' customers to defect to our brand(s)?
- 6.** Will any pending decisions we are considering put our reputation with customers at risk?

# Financial and supply risk management

- 1.** Do we know what our optimal cash buffer would be under multiple scenarios? Do we understand the root causes of our cash forecast variances?
- 2.** What are the operational drivers of cash flow that we should be focusing on?
- 3.** Are we prepared to run a working capital improvement initiative?
- 4.** Do we need to revisit our overall financial hedging strategy?
- 5.** How well do we understand our suppliers' financial positions? Do we know which of our critical suppliers are most vulnerable?
- 6.** With which at-risk suppliers could we proactively improve our relationships to secure scarce supplier resources?
- 7.** Which contracts with less-critical suppliers can we renegotiate to more favorable rates?
- 8.** Which fixed-cost supply contracts could we migrate to more variable cost arrangements?

# Expense management

- 1.** Which parts of our business are most able to quickly absorb cost management? Which specific parts of our spending drive revenue and should be protected from harmful cost cutting?
- 2.** Are there areas where we should reallocate spending to accelerate high-priority projects (e.g., investments in automation that will increase efficiency)?
- 3.** Do we have high-quality benchmarking data to support cost target determinations?
- 4.** Have the assumptions underpinning our shared services approach changed to the point that we should move different (or more) processes to shared services?
- 5.** Have we recently audited core business processes for savings opportunities? Do we survey staff regularly to source ideas for cost savings?
- 6.** Do we understand where cuts in one area may drive increased spending elsewhere (e.g., the effect of a travel freeze on demand for collaboration tools and network capacity, the effect of head count reduction on the use of contractors and consultants)?
- 7.** Do we have robust strategies in place for managing large categories of spend (e.g., personnel, IT, marketing)?
- 8.** Do we have a strong mechanism for tracking progress on cost initiatives and keeping staff accountable?

# Talent strategy

- 1.** How do we control HR spend in the near term without harming important long-term talent initiatives?
- 2.** How do we ensure we are continuing to reward our highest performers, even when budgets are decreasing?
- 3.** How quickly can we create and cascade new, clear objectives out to all employees?
- 4.** How do we keep employees engaged as work priorities shift in unpredictable ways?
- 5.** As risk aversion escalates, how do we ensure managers support and encourage innovation and new ideas?
- 6.** How do we identify and acquire great talent that might be newly available in the labor market?
- 7.** How do we identify and develop the competencies we need to outperform in the new environment?

# Compliance and ethics

- 1.** Do our compliance and ethics messages feel authentic, given our company's situation?
- 2.** How do we reinforce our commitment to corporate values in challenging times?
- 3.** Are we targeting compliance messaging, training and attention on the parts of the business experiencing the most change?
- 4.** Do we currently have problematic subcultures (e.g., specific business units or functions) that are at higher risk?
- 5.** How will we support managers in their communications to their teams about compliance during high change and uncertainty?
- 6.** How comfortable are our employees in speaking up relative to other companies?
- 7.** Are employees confident in our help line's accessibility and ease of use?
- 8.** Do employees believe that leadership responds quickly and decisively to bad behavior?

# Change management and communication

- 1.** Are the dominant messages and priorities we have been communicating over the past year to our internal and external audiences still appropriate?
- 2.** Are any previous changes in our organization still underway? If so, will they compete with any new changes we are planning?
- 3.** If we change goals, do we have a clear message on why and how we are doing so?
- 4.** How will new changes affect specific employee groups' day-to-day work? How will we enable them to make those changes?
- 5.** What information will employees need to make any changes we are pursuing, and how easy is it to find and use that information?
- 6.** Are our managers prepared to have meaningful conversations with employees about any changes?
- 7.** How will we know what employees are thinking and feeling? How will we know if they need additional information, guidance or training? Do we have adequate feedback, listening and escalation channels for employees?
- 8.** Do we have competitive advantages in these conditions that are meaningful to our internal and external audiences? Do we have an opportunity to boost our image or differentiate ourselves with employees, investors or other stakeholders?

## About Gartner

Gartner, Inc. (NYSE: IT) is the world's leading research and advisory company and a member of the S&P 500. We equip business leaders with indispensable insights, advice and tools to achieve their mission-critical priorities today and build the successful organizations of tomorrow.

Our unmatched combination of expert-led, practitioner-sourced and data-driven research steers clients toward the right decisions on the issues that matter most. We are a trusted advisor and objective resource for more than 15,000 organizations in more than 100 countries — across all major functions, in every industry and enterprise size.

### Contact Us

**Phone: 1 866 913 8102**

**Email: [financeleaders@gartner.com](mailto:financeleaders@gartner.com)**

**Web: [gartner.com/go/finance](https://gartner.com/go/finance)**