



Business Insights

Information and analysis from TD Commercial Banking

Fall 2009

The right moves, the right timing

The economic downturn has provided promising opportunities for businesses looking to expand. For instance, it may now be less expensive to buy out competitors, expand product lines or venture into new markets. But amid recent signals that the economy may be turning the corner, timing those opportunities becomes critical.

Should your company pursue a strategy of acquisitions or other expansion today or should you wait for concrete signs of a lasting economic recovery?

Timing your strategy

Timing strategic moves in relation to the economy is particularly important for mergers and acquisitions. Waiting for clear signs that the economy has recovered may mean passing up the most attractive buying opportunities. If an acquisition target is publicly traded, the state of financial markets is another key consideration. Share prices typically rise about six months in advance of a recovery, so waiting can be costly.

But there are risks associated with making strategic moves too soon. If the economy continues to worsen, you might get an even better price by waiting. Plus, new capacity could remain underutilized until a recovery takes hold. And by acting too quickly, your business might burn through cash that is necessary to survive a protracted downturn.

Expanding a product line or reaching into new geographic markets can also be economically sensitive. Launch products or expand territory in the midst of a downturn and sales may struggle. But establishing a foothold just before an economic upturn can provide a head start on the competition and ensure a presence when consumers and clients ramp up spending.



For some companies, the economic downturn may provide opportunities to expand.

Look for economic patterns

Because successful business timing depends on the economic cycle, economic analysis is critical. Take a look at past economic cycles and patterns. How long does it usually take for the economy to show marked improvement after the first signals of a recovery emerge? How long after that does the economy return to “normal”? How have these circumstances affected your company’s business in the past? See “Your questions about the economy” on Page 4 for a discussion of economic indicators.

Construct scenarios

Carefully consider the risks of moving early versus waiting. Analyze the impact of strategic moves on long-term sales and profits in possible economic scenarios. Consider financial and other consequences if your timing is not right, and

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Craig Alexander discusses “green shoots” and more

Our goal is to help you achieve yours

Protect your company's reputation

Your company's reputation may matter now more than ever. At a time when the financial crisis and economic downturn have caused the public, investors and even customers to lose faith in some companies and industries, having a good reputation can pay big dividends.

That's why you need a strategy for monitoring and managing threats to your company's reputation. Good public and media relations are important, but, increasingly, action is what keeps and builds a reputation. Transparency, getting positive news out, having a high-profile, "statesman-like" CEO and environmental consciousness are just a few of the ways to protect a reputation.

Changing dynamics

Largely because of the Internet, companies today are more open to criticism. The Web provides individuals and organizations with tools to quickly spread potentially damaging information and opinions on message boards, blogs, websites and other social media.

That's why you need to know how your company is perceived outside the walls of the business.

One way to do that is to monitor what is being said on the Internet (see "Free monitoring tools" box below) and in the press. Surveying your customers and the public on a regular basis can also help you stay in touch.

A team approach

Monitoring and assessing criticism of your company and industry is no longer solely the job of the corporate affairs department. Ideally, it requires teamwork among other key departments such as public relations, regulatory affairs, legal, investor relations and marketing.

Consider making a senior executive accountable for monitoring and damage control to ensure the job is done right. Involvement of other executives throughout the company is important, as they are often the first to spot trouble.

Once potentially damaging commentary is identified, analyze the impact it might have on your company. How will it affect customers, shareholders and other major stakeholders? Will it harm your public image? Could it result in legal or regulatory action?

Taking action

When a remedy is necessary, move quickly. Concrete steps, not public relations "spin," is what works today. Consider spreading your message on relevant social networking sites, websites and in the press. Transparency is essential, especially in today's Internet-connected world.

This is especially important if the threat to your reputation involves unintentional company errors that lead to defective products or service shortfalls.

If your company faces a crisis caused by inadvertent corporate missteps, assume responsibility and move swiftly to fix the underlying problem. Make your efforts known. The CEO may even have to take on the role of statesman to give the company a credible, personal face.

Also have a plan to deal with industry-wide shocks. Tell stakeholders, customers and the public why your company stands out from the pack. If you can turn your company into an island in a sea of negativity, it could even be positive for business. ●

Concrete steps, not public relations "spin," is what works today.

Free monitoring tools

A number of free tools are available to track and monitor what is being said about your company on the Internet.

Consider **Google Alerts** (www.google.com/alerts) and you will be notified when your company name, or other key words you choose, appear on Web pages or online news.

Here is a sampling of some other useful tools.

- ▶ **TECHNORATI®**. Search weblogs and other user-generated media for company-relevant information. www.technorati.com

- ▶ **FACEBOOK® LEXICON**. Search Facebook for key terms. www.facebook.com/lexicon (login to Facebook first)

- ▶ **BOARDTRACKER**. Track discussion forums and boards. www.boardtracker.com

- ▶ **BACKTYPE**. Search comments posted on the Web. www.backtype.com

Explore the Internet to discover other useful tools, including both free and paid applications and services that can help you monitor and analyze social media and other Web sites.

Boost your bottom line with mobility

Employees are valuable assets. By giving them the technology to work anywhere, you can make them even more productive and valuable to your business.

Employee mobility can boost productivity, keep workers and customers satisfied, reduce costs and boost profits. Whether it involves “telecommuters” working at home or employees who spend part of their time outside the office, a mobile workforce often translates into a more effective workforce.

Indeed, according to the Canadian Telework Association, dozens of reputable studies have proven that teleworking one to three days per week increases overall employee productivity by 10% to 20%.

The value of mobility

Mobility through wireless technology lets employees work when they are on the road, offsite at a client meeting or at home. They can communicate, collaborate and perform time-sensitive tasks from just about anywhere. Plus, mobility today is cheaper, smaller and better than ever.

Here is a sampling of the tools businesses and employees are using.

► **NETBOOKS.** These latest-generation portable computers provide full computing and communications power in a small footprint.

► **INTERNET STICKS.** Easy-to-use USB modems provide fast broadband connectivity on the go, without the need for workers to find Wi-Fi spots.

► **HANDHELD DEVICES.** Handheld communication and computing is increasingly powerful thanks to some extremely popular products from big-name companies.

► **VIDEO CONFERENCING.** From a quick webcam conversation with an employee to near-virtual-reality meetings, a number of software applications tailored for mobile users makes these tools even more useful.

► **COLLABORATIVE TOOLS.** Applications have emerged for collaborative work, including co-ordination of calendars and schedules, collaborative email and instant messaging, and real-time collaborative online editing of documents.

Develop your strategy

To make the most of these tools, a company must have a clearly defined mobility strategy.

Management and the information technology department should work together to determine how mobility can enhance employee effectiveness, and what specific tools are required. Employees must be well versed in how to use technology and how it integrates into business needs.

Mobile workers also require a different management approach. Guidelines and priorities must be set and expectations made clear. Make sure mobile workers are task-oriented. Monitor and measure these workers by productivity, not activity.

A high level of trust and the right degree of communication are critical. Too little contact can leave an employee feeling isolated, while too much may cause an employee to feel performance is being questioned.

Above all, equipping and managing a mobile workforce is a constant process. Rapidly evolving technology and services mean your company strategy must be regularly reviewed to take full advantage of what mobility offers today. ●



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WORKPLACE CULTURE

Build accountability into everyday business meetings

Does your company have a culture of accountability? Without it, projects will take longer to get done or may not get done at all.

A culture of accountability means effective decision making, attention to deadlines, follow-up and looking closely at the reasons deadlines are not being met.

Here are some tips for making accountability part of your everyday business meetings.

► **AIM FOR RESULTS.** Meetings should start and end on time and should produce concrete results. End

every meeting with a wrap-up session in which every employee's responsibility is summarized and clarified.

► **ENFORCE DEADLINES.**

Assign deadlines to tasks and make participants aware that they are fully accountable for the work assigned.

► **FOLLOW UP.** For larger projects, schedule a series of regular follow-up meetings to determine the progression of tasks and assignments.

Having effective meetings can bring employees together around a task, build teamwork and contribute to a sense of shared accomplishment.

Your questions about the economy

With optimism about the economy on the rise, we asked Craig Alexander, Vice-President and Deputy Chief Economist, TD Bank Financial Group¹, about signs of recovery.



Craig Alexander

Lately the term “green shoots” has been used to describe economic developments. What are green shoots and why do they matter?

“Green shoots” is not really an economic expression. It’s a way to characterize the fact that when it comes to the economy, things are beginning to improve. We’re getting preliminary indications of improvement, like green shoots coming out of the earth in spring.

It’s sometimes difficult for people to understand that some of the negative economic figures are actually an improvement — that they’re not as bad as they were. The term “green shoots” is a catch phrase that seems to have been embraced in this economic recovery to make that point. The message, in general, is that conditions are starting to look better.

Many businesses are wondering whether now is the time to put strategic moves into place. When does the economy signal your next corporate move?

Business should pay particularly close attention to leading indicators. These point to the future direction of the economy, as opposed to statistics that reflect its current state.

Two of the most important leading indicators are equity markets and bond yields. Typically, stock markets advance two quarters before the economy starts to pick up. And with the recent stock market rally, stocks as

a leading indicator appear to be on target.

Another is the yield curve, which shows the difference between short-term and long-term bond rates. When long-term rates are well above short-term rates — known as a steep yield curve — it’s a signal that economic growth is coming. This compares to a year or so ago, when the yield curve was flat, which indicates slow growth or contraction.

Other leading indicators that businesses might want to watch are business and consumer confidence — which have risen from their lows. An increase in business orders is also a positive sign for the economy.

However, while these indicators can point to the future direction of the economy, they offer no guarantees of timing. Exactly when the economy will pick up is more difficult to predict. ●



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be sure there is margin for error.

Just as important, evaluate your strategic plan. Does your strategy for expansion still make sense? A long-term plan should not be derailed by short-term economic events. But it may require tinkering.

It is a good idea to tap the services of

external sources. Trusted advisors, including lawyers, accountants and business consultants, can help.

Looking for a good place to start? Contact your TD Commercial Banking Relationship Manager about your business expansion financing needs. ●

UNDERSTANDING - EXPERTISE - SOLUTIONS - COMMITMENT

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