

# McTevia speaks to WJR's Paul W. Smith and advises businesses about how to weather the economic storm

Paul W. Smith Show on WJR  
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Paul W. Smith: Jim McTevia, managing member of McTevia & Associates in Bingham Farms, has been counseling big and small companies from Fortune 500 to very small family owned businesses for nearly 50 years on how to get their businesses in order – expertise including business restructuring, mergers, acquisitions, refinancing, a lot of work in the auto industry. I guess the key here today is a lot of crisis management. And it seems to me, Jim, as we say good morning to you, it seems to me that all management for all businesses within the sound of my voice are in crisis management mode. Jim, good morning to you.

Jim McTevia: Good morning Paul. How are you?

PWS: I'm okay. So what suggestions do you have – the big companies we read about all the time – but doggone it there are mom and pop businesses, and a little bigger, that are in big trouble too, and there's nobody out there telling them what they should do. I think you're kind of the guy and the company that can do that. Can you help us a little?

JM: Sure. The best that I can advise these days covers a period of 50 years of working with the people and companies in trouble regardless of the size, Paul. And in times like this the secret is buying time. You must be able to reach into the future, and cash is going to be king. If you have a family, you have a business, you're Chrysler, you're GM, you're the federal government, it's all a matter of buying time to reach into the future because the problem's not going to be solved today, Paul. Everybody is scared to death of the future, the consumers are holding onto the money they have, and until the consumer gets comfortable and spends again, and it's not going to be today, things are going to stay very scary.

PWS: Well what about the small companies then, the small businesses? Buying time when - you mentioned Chrysler, you mentioned the banks, you mentioned all of those. Those are in the news all the time, they're more likely than not to be getting federal help. But I'm not so certain that the small business owner who probably feels right about now that nobody's paying close attention to their problems, they need a little help. How do they buy time? What can they do? What suggestions would your company, McTevia and Associates in Bingham Farms, what would you say to them right now? How do they buy time?

JM: Well take a look at your volume of business. Take a look at your expenses. At times like this you can only do three things: You can increase your revenue, which is going to be very hard to do. You can cut expenses, or a combination of both and I'm sorry to say that these days, the best a small business owner can do is cut expenses. If they have expenses that they can not cut – if they owe banks money, if they have large debt that they're trying to handle – then they need to restructure that debt.

They need to be proactive. They need to pick up the phone. They need to call their lender. They need to call their investors. They need to try to buy some time with the debt that they have now, try to restructure if they can. Lenders these days understand very well because lenders are going through the same problems that small business owners are going. If you have a good relationship with your bank or your lender, you have a very good chance of being able to do that. And then of course, unfortunately, cutting costs. It means laying people off, putting off that investment that you wanted to make, and holding onto your cash until we see what happens for the balance of this year.

PWS: Well I'd say, Jim, this is kind of like advice that you'd give at any time but it's an especially important bit of news and information and advice at this time... I think it's extremely important that you communicate that with your bank, with your people, including your employees, as quickly as possible and as clearly as possible.

JM: And the more important thing, before you do that, to understand in your mind, where you are and where you think you'll be. Putting together a long-range plan and/or a one-year budget projection is foolish right now. I recommend that business advisors put together a 90-day plan. Let's see where the business owner thinks they're going to be over the next 90 days and then take that plan and think long and hard and then make the steps, take the steps, that are very necessary to buy the time for survival. Use that plan when you sit down with your bank, so that your bank, and your employees, that they know that it's not a figment of your imagination. These are hard facts and renew this plan close to the end of 90 days. Take small bites.

PWS: And where do you think we'll be in 90 days?

JM: Well unfortunately, 16 years ago I wrote a book called "Bankrupt: Society Living in the Future," and we are exactly where I predicted we were going to be. I believe that we still have some very hard times. I don't see much light at the end of the tunnel until probably 2010 or 2011. Paul, the consumer is tapped out. They've long been out of cash. They're now out of credit. They're out of equity in their home. A lot of them are out of their jobs and they're concerned. Until the consumer gets a degree of confidence and starts buying again, I'm afraid that we have some very tough months to go in this economy.