

Business Insights

Don't Waste a Crisis

Confronted with a constant flow of bad news about the economy, today's companies have an important opportunity to use the downturn to improve. The crisis is a rationale for change that all stakeholders — managers, employees, business partners and customers — can easily understand. Here are five ways that businesses can take advantage of the crisis to fundamentally change the size, culture, and operations of an organization.

1. Strategically Manage Costs

In a downturn, managing costs is one of the few things largely within a company's control but cutting across the board can damage the business. A **"smart" approach can sharpen focus and improve operations overall.** While aligning strategy with current market conditions, try to preserve resources that are important sources of innovation. Employees are not only likely to be supportive of managing costs in tight economic times — they're also great sources of bright ideas that win buy-in and sustainability. Now is the time to focus on inefficiencies that have grown in more prosperous years, and to create a roadmap for building new efficiencies now and in the future.

2. Focus On Your Core

With tough times here, **companies are wise to reaffirm their commitment to their core business** and redouble their efforts to build solid relations with employees, customers and business partners. By carefully prioritizing relationships, companies often find "weak links" that are consuming resources without adding significant value. Refocussing on how work gets done and fundamentally changing this will help create sustainable improvements. Difficult economic climates often create the right acquisition that can strengthen a company's core offerings.

(continued on page 2)

About EHS Partners

EHS Partners is an independently owned professional-services firm with a sole focus: working with CEOs and business leaders to dramatically increase the operational effectiveness of their companies through high-impact cost- and revenue-based performance improvement initiatives. Since 1997, EHS clients have achieved over \$4.5 billion in new, sustainable earnings by leveraging our proprietary tools and hands-on approach. The magnitude, speed and certainty of achieved results have earned EHS a reputation for excellence and contribute to a 100% project success rate.

Client News

EHS Partners has launched a new initiative with:



State Auto sells property/casualty policies through its subsidiaries and by writing personal and commercial automobile, homeowners, commercial multi-peril, and workers' compensation insurance.

In This Issue:

Business Insights	1
Client News	1
Team Profile	2
Recent Successes	2

EHS Team



We'd like to introduce you to one of our newest EHS members, Ed Dobosz. Ed is an EHS Managing Director with over 15 years of experience driving change through operational and strategic programs across multiple industries, including: financial and information services, healthcare and pharmaceuticals, aerospace, entertainment and education.

Ed's experience includes CFO and strategy roles with early-stage companies, one of which he helped to take public in 2007. He also spent six years with McKinsey & Company in Los Angeles and Scandinavia working with clients on initiatives for operational improvement, process redesign, portfolio adjustment and M&A.

Ed earned his MBA from Harvard Business School, his B.S. in Electrical Engineering with highest distinction from Purdue where he was named Phi Beta Kappa. In addition, as a Rotary Foundation Graduate Scholar he attended the University of Auckland in New Zealand.

When not on a project, Ed enjoys playing golf and fishing for pike when visiting family in Sweden. Ed is also a certified SCUBA Dive Master and once spent time as a tour guide at the Great Barrier Reef in Australia.

Business Insights (continued from page 1)

3. Ensure You Are Collecting Full Revenues

Don't just focus on costs. In good times, companies can overlook revenue leakage or opportunities to improve pricing, fees or terms, that in tough times can make a meaningful impact to earnings. **Now is the time to focus and reduce discretionary revenue "leakage."** For example, one mid-sized insurer was until recently waiving 90% of late fees. Now the company is collecting 90% of those same fees, without adverse customer reaction. Most loyal customers will respect a company's decision to collect for the true value it provides.

4. Strengthen Your Team

In difficult times, employees shift focus from maximum compensation to maximum security. **Intensify your efforts to communicate with your employees.** Companies should look to protect their

own top performers, while also looking to the competition. The "star" who could not be recruited three months ago might now be enticed with a lesser package that assures tenure.

5. Plan For Flexibility

No one knows how long or deep the current recession will be. Business leaders can't predict the weather but they can **create a range of alternative actions that provide important breathing room** to adapt to shifting economic forces. Your organization can provide you with a broad range of options and give you important flexibility to react as the economic crisis unfolds.

Today's economy is the most challenging in living memory for most companies. But the market will come back and you will want to make the right moves now to put yourself in a stronger position when it does.

Recent Successes

EHS Partners is pleased to announce successful initiatives with:



BlueCross BlueShield of Tennessee

BlueCross BlueShield of Tennessee is the largest, independent not-for-profit managed health care provider within the state and is part of the nationwide association of BlueCross BlueShield health care plans. BlueCross BlueShield of Tennessee offers its membership health plan coverage and insurance products through a comprehensive network of providers (physicians, hospitals and pharmacies). Facing a very competitive pricing market, BlueCross set out to reduce wasted spending and redeploy these funds to maintain prices and launch new growth initiatives.

"I've been involved in a number of improvement initiatives throughout my career. I've never seen a higher level of engagement and commitment than I have with VIP."

John Giblin, EVP and CFO



Standard Insurance Company

Standard Insurance Company is a leading independent provider of disability and other insurance services for businesses and individuals. Facing the added challenges of being a public company, Standard used the EHS project, Flight 125, to identify and prioritize efficiency and productivity improvements as well as to further develop cross-functional managerial talent.

"I'm convinced that the ideas from Flight 125 are a crucial step toward helping us achieve our long-term goal of running a sustainable, independent company."

Greg Ness, President and COO