

## In tough times, it's the fundamentals that protect value

The UK economy is facing tough times. Whatever the outcome of the General Election, and despite opportunities for new industries, it will take years of grind until the economy is thriving. Nonetheless, SME businesses must grow, survive, and thrive in the realities that we have now, and they will best do this by applying business fundamentals, facing the truth, and making brave decisions.



Covid, Brexit, recent political debacles, the war in Ukraine, soaring interest rates and inflation have all contributed to the UK's economic troubles. To recover, we will need, at least:

- A new generation of renewable energy industries, all delivered by generation-spanning programmes, in turn, implemented by improved and revitalised UK Government procurement and delivery capability.
- New big data and AI backed industries to deliver better services and business outcomes for a fraction of today's costs despite enormous challenges of human redundancy and obsolescence.
- Revitalised UK trade throughout the World which will be delivered by confident, global Britain having rebuilt its relationships with its key neighbours and supply chains.
- Readily available finance from the international market which has rebuilt its confidence to invest in the UK.

These are no small challenges, and will require vision, patience, hope, time, resources, strong political leadership, and national character.

## **Business can't wait – they need to act today to create or protect value**

Whether a growing SME, seeking to create its next Value Step, or a longer-established (maybe struggling) business seeking to protect value, there is no substitute for strong business fundamentals.

Many years before the new, high-tech cavalry and economic recovery ride over the hill, they need to analyse and understand their market segment trends; make decisions about their products and services; excel in customer service; closely manage their finances; grip their operations; plan their R&D; and make crucial investment decisions. Although hope is critical, it is no substitute for hard, traditional, business fundamentals.

The worse the challenge or greater the opportunity, the more leaders need enhanced wisdom, intuition, empathy, leadership, and motivation. Most important, they need the courage to face the truth and decisiveness to act on it.

## **But there may be blockers**

As realities bite, and as more businesses struggle with zombie balance sheets and no credit headroom, there is another problem. You can't take for granted that everyone is motivated to face the truth. Consider the following potential blockers:

- The cynical sales executive who is on a good wedge and is happy to fake the 'game-changing contract that is going to be signed tomorrow' story for a little longer.
- The bank that has managed bad debt provisions at a market norm level, but which doesn't want a cascade of write-offs of their zombie loans.
- The weaknesses in the links of the supply chains including the clients above and suppliers below the company.
- The external consultant who is billing nice fees for turning-up and sounding smart.
- The founder investor who has an outstanding personal guarantee hanging over them.
- The more recent Series B or C investor who is greedy for a no-lose upside, but who isn't ready to crystallise a downside.
- The founder family or next generation management for whom the distressed company was fine when it was printing cash.

Who can help in the face of these blockers?

## **ValueStep helps businesses face the truth and act to find their right future**

ValueStep is an independent advisory team, led by founders and leaders who have, for many years, themselves faced-down these challenges and realised true enterprise value.

We are rooted with deep experience as practitioners, skilled at feeling the things that many miss, brave enough to articulate what some are hesitant to say, and equipped to do what is necessary.

Our track record is built on tireless thinking, working for our clients, and delivering what we promise even when faced by the fiercest headwinds.

Is this resonating with you? If so, then contact ValueStep to open a confidential, complementary, without-obligation, conversation.

### **Contact us.**

Robert Osborne – Chairman  
Telephone: +44 (0) 7780 663637  
[r.c.osborne@valuestep.co.uk](mailto:r.c.osborne@valuestep.co.uk)

James Leng – Executive Director  
Telephone: +353 (0) 87 460 5484  
[j.p.leng@valuestep.co.uk](mailto:j.p.leng@valuestep.co.uk)

Website: [www.valuestep.co.uk](http://www.valuestep.co.uk)

