



## You Should Know...

### Forget Silicon Valley

Taiwan is the real capital of the global computer industry. More than 50% of all chips, 70% of computer displays, and 90% of laptops are now produced on the island says *The Economist*.

**The Point:** How did that happen?

### Apple Rich

CNN reports that Apple Computer of Cupertino, CA, with no long- or short-term debt, had cash on hand of \$67 billion in May 2011. That actually was more than the US Treasury Department had on hand during the same month.

**The Point:** Management is everything.

### Stay Cool

Park officials in Germany have designated an 11-mile-long trail for the nation's many naturists who prefer hiking in the nude. A sign on the trail warns "If you don't want to see people with nothing on, then you should refrain from moving on."

**The Point:** Watch out for mosquitoes.

### Bulk Up

The average British tourist gains eight pounds during a two-week trip to the US, thanks to big portions and all-you-can-eat buffets reports the *London Daily Mail*.

**The Point:** American food couldn't be all that bad.

### August's Quote

*"Take the course opposite to custom and you will almost always do well."*  
 Jean-Jacques Rousseau

## Managing In Uncertain Times

Managing in uncertain times, and these are most certainly those, requires an understanding of and an adherence to the basic principles of business. This is easier to say than do with several sovereign nations on the edge of default, stock market swings of 2% to 4% per day, consistently high unemployment, and continued uncertainty regarding financial and business regulations from the bureaucracy in Washington.

LM&A has assisted over 120 US, European, and Chinese manufacturers since 1991. Those that have prospered in both good times and bad, value and practice the three principles below.

**1. Focus, focus, focus.** The 80/20 rule is real and it's an effective way of focusing yourself and your staff. Focus on:

- *Maximizing productivity.* Ask each of your direct reports to divide their responsibilities 80/20. Review and monitor the 20%.
- *The product lines* that are most profitable and/or most easily differentiable.
- *The geographic markets* that are most concentrated.

**2. Maintain your average selling prices** by differentiating your product offering and communicating the differences. It is easy to get drawn into a "match competition" pricing contest, but remember customers buy on price by default. They just don't see any difference between your product offering and that of your competitors.

What to do? Identify those elements of your product and service offering that are different and be sure your sales force and distributors communicate them. How? One way is to raise your prices. Yes, raise them. This will force everyone with customer contact to discuss why your products are more valuable as opposed to just matching the competition.

**3. Have all the facts.** You need both market research and competitive intelligence. You need to know:

- *Who your competitors' biggest accounts are and why.*
- *What your competitors are paying their distributors and channel partners.*
- *What your competitors are saying about your product offering.*

**The Point:** When sales are down and gloom pervades the business environment it is difficult to keep emotions out of the decision making process. Stick with the tried and true principles. You can be certain that many of your competitors will react emotionally and some will not survive.

**10 Most Indebted Countries  
 % of Country's GDP**

Country	Debt % of GDP
Japan	234%
Greece	139%
Italy	120%
Iceland	108%
Belgium	103%
Ireland	102%
US	99%
Singapore	95%
France	88%
Portugal	87%

Source: *Fortune*, August 15, 2011