

THE WELL-TIMED STRATEGY

Managing the Business Cycle for Competitive Advantage

PETER NAVARRO

PETER NAVARRO is a business professor at the University of California, Irvine. He specializes in the application of sophisticated macroeconomic strategies to the general business environment and financial markets. Dr. Navarro is a graduate of Tufts University and Harvard. He is also a public speaker and the author of several investment books including *If It's Raining in Brazil*, *Buy Starbucks* and an audio lecture series *Big Picture Investing: How, When and Why the Stock Market Moves*.

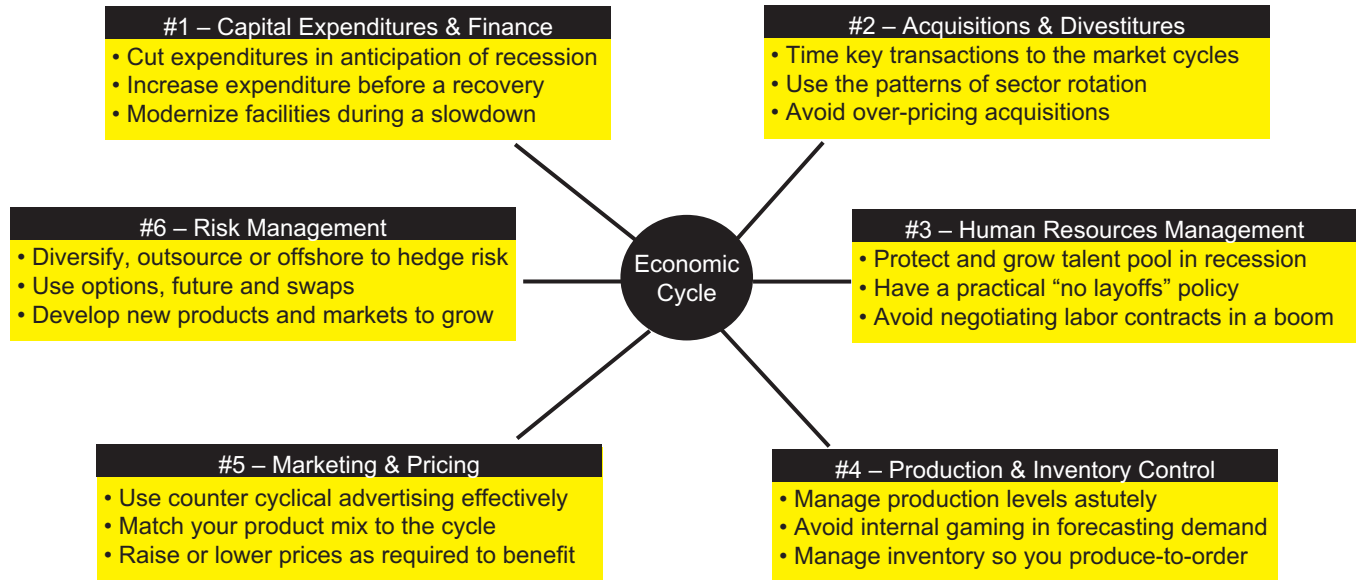
The Web site for this book is at www.peternavarro.com.

SUMMARIES.COM is a concentrated business information service. Every week, subscribers are e-mailed a concise summary of a different business book. Each summary is about 8 pages long and contains the stripped-down essential ideas from the entire book in a time-saving format. By investing less than one hour per week in these summaries, subscribers gain a working knowledge of the top business titles. Subscriptions are available on a monthly or yearly basis. Further information is available at www.summaries.com.

MAIN IDEA

When the strategic actions of 180 companies and their senior management teams were analyzed over a five-year study either side of the 2001 recession, it was shown very few firms even attempted to use the ebbs and flows of the general economy to achieve and then sustain a competitive advantage. Understanding the business cycle and then using it to maximum advantage is an unexploited area of business management expertise.

This is unusual because the business cycle itself is a known quantity. It is also one of the major determinants of corporate profitability and stock price performance. Therefore, it makes good sense to use the cycle to gain a competitive advantage over your rivals. In practical terms, there are six areas of corporate activity which can and should be timed to the general business cycle:



In a majority of these applications, the smart thing to do is to make counter cyclical moves – to zig when everyone else is zagging. This will only pay off if you get your timing right but doing so will allow you to achieve superior performance while all your competitors are hemorrhaging cash and other resources. If you time your moves to the upcoming phase of the business cycle, you position your enterprise to be in an advantageous position when the forecasted market conditions eventuate.

“Our five-year quest yielded many insights, a number of them surprising and quite contrary to conventional wisdom, but one giant conclusion stands above the others: We believe that almost any organization can substantially improve its stature and performance, perhaps even become great, if it conscientiously applies the framework of ideas we’ve uncovered.”

– Peter Navarro

“The essence of strategy is to achieve a long-term advantage over the firm’s competitors.”

– Professor Arnaldo Hax, Sloan School of Management

Area #1 – Capital Expenditure & Finance Page 2

Area #2 – Acquisitions & Divestitures Page 3

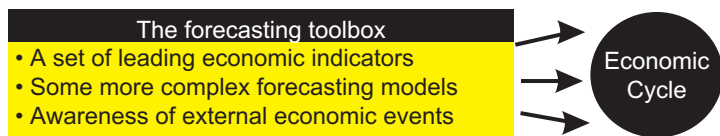
Area #3 – Human Resources Management Page 4

Area #4 – Production & Inventory Control. Page 5

Area #5 – Marketing & Pricing. Page 6

Area #6 – Risk Management Page 7

The Forecasting Toolbox Page 8



To make astute counter cyclical strategic moves in business, you need to have a sense of where the business cycle is heading. There is no single absolutely infallible leading economic indicator you can use to gauge this with certainty. Instead, you have to use a basket of indicators and forecasting models to decide where the turning points will be in a timely manner.

Summaries.Com

The Ultimate Business Library



We condense **300+ page** business books into **8-page** summaries.

By reading summaries, you'll get the **key ideas** in **30 mins**, so you can spend more time turning your ideas into **dollars**.

Knowledge is Power — Invest in Your Future

For just **\$2 per week**, you will...

- Learn from the mistakes and success of the smartest people in business;
- Get fresh ideas, strategies & motivation that could be worth millions to you;
- Follow emerging trends, so you can catch the wave before your competitors do;
- Catch up on the classics you always wanted to read.

1,000 Top Business Book Summaries

Our catalog includes summaries on a range of topics for aspiring entrepreneurs, managers, and consultants.

BUSINESS PLANS

MANAGEMENT

PRESENTATIONS

SALES

LEADERSHIP

MOTIVATION

STRATEGY

AND MORE

