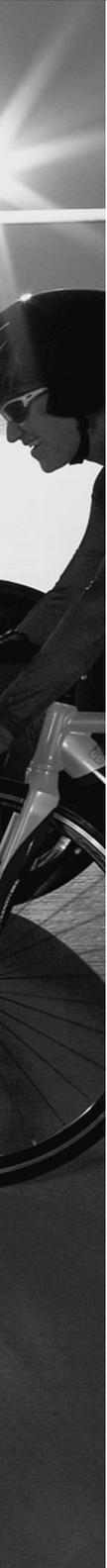


MANAGING IN A FLAT ECONOMY



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Some CEOs are adopting a watching brief on the economy to see how things pan out. For others, the opportunities are just too good to pass up.

LOOK BACK IN WONDER

Most sectors of the world economy enjoyed a great ride from the late 1990's through to 2007. There was considerable optimism, some of it justified, and in hindsight some of it not so.

It is clear that the smooth sailing is over and that the water ahead requires prudent navigation. Outside the commodities sector, demand is patchy, if not weak and with the prospect of a double dip recession planning for the future is complex and involves greater than normal levels of uncertainty. There is general agreement among business leaders that it will be some time before the growth patterns we enjoyed for most of the last decade return.

DONE THAT, WHAT NOW?

Many CEOs are now faced with the task of managing in industries with little or no growth, and in markets where there is often over capacity, lower prices and tighter margins.

Most businesses have already followed the tried and tested routes in the bid to find the extra revenue. They have reduced the head count, rationalised excess capacity, mothballed plants, put projects not deemed to be core or urgent on hold and had a good hunt around for opportunities to cut costs from administration and manufacturing processes. What next?

Some, who are cashed up, are taking the opportunity to buy up smaller and weaker competitors. Companies are looking for growth through acquisitions and mergers rather than through development. While that may be a sound strategy - amalgamation difficulties aside - there are plenty of internal opportunities for those willing to look a bit harder.

DON'T JUST TWEAK

This tougher business environment can make it easier to adopt a more radical line of thinking, to undertake initiatives that require a touch of imagination or to gain acceptance for programmes that are difficult to push through when the economy is rocking along nicely. A financial services company we worked

with recently decided it was time to stop tweaking existing processes to improve service levels. Instead they looked for a way to leave the rest of the field behind. The result was an overhaul of how staff were deployed and how work was managed, from initial enquiries right through to completed contracts. For the first time, they extracted real value from IT systems they purchased some time ago - no new capital expenditure was required to handle the higher volumes and cycle times were reduced from two weeks to two days.

Opportunities exist in many companies to have a hard look at demand management - the way they go about forecasting, planning and then scheduling demand to meet those forecasts. This encompasses how suppliers are managed and how customers are served. Because issues like these often involve multiple departments or divisions, they tend to get put into the too-hard basket when times are easier. Now is the time to explore new ideas to take the grunt work out of the complexities of planning and scheduling. Additional measures such as improving the capacity and throughput of existing plant and machinery can postpone the need to acquire new assets.

INSIDE SKILLS, OUTSIDE HELP

Similar opportunities arise in teaching middle and supervisory management the skills to find problems and opportunities as well as design and implement practical solutions. One of our mining clients recently embarked on a programme to build in-house skills that will enable them to initiate and implement continual improvements across the organisation. The internal team, having notched considerable success, is building the respect and confidence of their peers and now drive change at a faster pace without the usual layers of resistance. The investment

in external help to provide the structures, disciplines, training and programme design has resulted in a worthwhile development experience for the organisation. They are generating a culture of improvement that will stand them in good stead to most take advantage of the commodities boom.

NOW COULD BE BETTER THAN LATER

The current economic environment must be regarded as one of the better climates for senior managers to take initiative. The markets reward those organisations that achieve the greatest efficiencies; improvements now will be rewarded tenfold as growth returns to western markets. Managers are being allowed to manage, rather than letting things drift along or being pressured to abandon caution by overheated expectations. Admittedly, there are those businesses that are just looking to survive. But for the rest, now may be the time to look ahead at what action is needed in order to grow and prosper well in to the 21st century.

GPR Dehler has a long record of successes helping organisations to implement significant cultural and operational improvements to their business. To find out more about our company and the benefits we have brought to our clients, please contact GPR Dehler - email info@gprdehler.com or visit our web site www.gprdehler.com.