

Master System Says Beat the Recession

Don't let the Recession Stop Your Growth

Many companies that emerged from the last recession (2000-2001) as industry leaders also focused on reducing costs without damaging the long-term health of their businesses. Although selling, general, and administrative (SG&A) costs are typically difficult to cut in the short term, winning companies did so by making their overhead costs and operations more flexible during the recession.

Companies that emerged from the recession positioned themselves as industry leaders by generally being more diversified during, and after the recession than did their less successful counterparts. This pattern was particularly true of companies that led the way by investing internally during the recession by positioning their organizations for the upswing by having implemented a more modern ERP software solution, such as OMS, and in doing so they began advancing themselves by becoming a more operationally efficient organization: effectively replacing their retained "as is" status for an "as we want to be" status.

The result: their sales were roughly twice as diversified by segment as those of companies that ceased to be leaders. By geography, the difference was smaller, but leaders that remained unchanged felt a slower improvement in their competitive leader status, while their counterparts were about 20 percent more diverse in this respect.

In addition, successful companies proactively managed their customer and product portfolios more effectively and efficiently during the recession by changing their ERP software solution and pointing their goals at their customer service mix, products and, value-added services. How can you not afford to maintain a winning status through the recession?

If past is prologue manager's and, business owners who strive for a competitive edge with any precision will understand that investing inside the business is the timing of coming out of the recession as a leader, not a follower. But keep in mind they should be asking themselves today whether they are building the financial, operating, and product flexibility to make the most out of the upcoming breakout of the recession.

I hear the economy is so bad... I may soon have to take a second job robbing liquor stores just to avoid foreclosure.

Inflation is so high my economic stimulus check will hardly cover the increase in postage stamps.

Gas prices are so steep, Exxon is offering subprime mortgages for 20 gallons of unleaded.