

Turning a recession in to opportunity

by Magnus Molin, Intertek

Many new opportunities can open up during a recession. During tough economic times, it is possible to put more focus on what creates value, thus better preparing your company for prosperous times to come.

To accomplish this, it is important that your operations do not get bogged down by internal restraints. Fortunately, a management system is an excellent tool for mapping and reviewing company operations. An effective management system gives you the means to focus on the market, production, and services. Development and change measures in these areas, for example, can create added value during a recession.

An organization with a well-functioning management system usually has a culture that promotes improvement. Such a culture is beneficial when companies are forced to quickly optimize their organizations, saving and rationalizing to prepare for a future boom.

It is much easier for a company to create more effective work methods and identify cost savings when it is controlled by well-implemented processes that are continuously under development. It is estimated that between 10 and 20 percent of a company's turnover is lost in communication problems, duplication of work, etc. A large portion of these costs arise between departments, in the so-called "white spaces." If you have well-

functioning processes that cross over several departments, then the probability of things "falling between the cracks" is lessened, and deficiencies are more easily identified and handled.

Implementing various improvement methodologies, such as Lean and Six Sigma, is a long-term investment that takes time. It is easier to begin working in accordance with Lean or Six Sigma when you have a well-functioning management system in place. During a recession, a company often has time to work with these tools and to invest in the competency needed to make better use of them.

Staff cutbacks are common during a recession. A well-functioning management system gives you the tools to see where there is overcapacity, providing the insight needed to make the right adjustments relative to your organization's needs. A "salami-slice" strategy, where a general layoff is made across the organization, has proven to be a short-term solution. On the contrary, you may find that certain functions need to be reinforced during a recession, such as sales and business intelligence.

A recession can also give you the opportunity to review and improve your management system. For example, you could develop your management system to encompass work environment issues, or reinforce the integration of your quality and environmental management systems.

Don't forget that it is during a recession that you establish the basis for your position during the next economic boom.

About the author

Magnus Molin is the Business Development Director for Intertek's EMEA (Europe, Middle East, and Africa) Systems Certification operations.

