

The Opportunity for Consolidation is Now!

I was talking with a friend recently; he used to be a jewellery wholesaler and now runs a small group of high quality retail outlets. Knowing that during periods of economic downturn his business is often one of the first to be adversely affected, being a trader in 'luxury items', I asked how he was feeling about the current economic climate. His answer might surprise you: "Actually I'm feeling good; we are using the opportunity to carry out some major renovations in our shops. And I know that when things turn around we will be better placed among our competitors to be ready for a rapid increase in business."

This business strategy might strike some as being a bit risky, even naive, in the uncertain financial climate, but this man knows what he is doing – he sees the bigger picture. He has thrived in this highly competitive market for many years and has successfully emerged through a number of major economic downturns - during which many of his competitors have fallen by the wayside. He does this because he recognises the 'cyclical nature' of the business economy. All of life is governed by cycles – you can see the evidence every day, the weather, our moods, body cycles or 'biorhythms', the tides, the motion of the planets, the four seasons, the economy, organisational change, the political climate, and so on.

In stress management workshops, for example, we describe the pattern of recovery from stress and recognise the cycles of increasing stress followed by periods of recovery or 'recharging the batteries'. Stepping back from the moment and seeing the bigger picture of how these cycles are working enables us to make a lot more sense of what is happening in our immediate world and to make wise choices which ensure our continued health and success. Often it is precisely what we do during the periods of 'downtime' which determines how well we can sustain high levels of performance in the high activity 'uptime'.

When economic downturn begins to have an impact on organisations and businesses, we often detect the element of fear, and sometimes even panic, amongst managers and leaders. The focus of attention quickly turns to ways of cutting costs and 'battening down the hatches', usually with good reason – this clearly isn't a time for frivolous spending! We often see staff reduction programmes, recruitment bans, a moratorium on travel, suspension of training budgets and so on. However, what is often missed is the recognition that there are also valuable opportunities during the low ebbs of a business cycle. We can get so hooked up in the negative thinking inspired by anxiety and fear, that our confidence drops and we forget the times in the past when we have come through similar circumstances and survived – often emerging all the stronger for it.

My jewellery friend knows that carrying out shop renovations during periods of good trading is a bad idea! It disrupts the flow of business and trade - so he waits for the downturn and then sets about the renewal with vigour and enthusiasm. He knows that market conditions will improve and that some of his competitors won't be as ready to attract the customers back in when the climate changes. It helps his business to bounce back quickly, win early market share and recoup the renovation costs more quickly. He will be quick off the starting blocks whereas some of his competitors will be caught on the back foot.

Thinking of those in the farming industry who work with the cycles of weather, seasons, crop rotation and so on - the whole survival of the business relies absolutely on working with these cycles rather than trying to resist or fight against them, since this is futile. Attempting to ignore or deny them would be even more disastrous. Long term success for the farmer depends on learning to recognise these cycles, expect them and where possible predict the timing. The whole operation is planned around these inevitably changing conditions. Often in business we like to think that once we have created an upward trend it will continue unabated, so long as we continue to 'do the right things'. We fail to take account of the inevitable fact that we operate in much a broader economic climate, which we can't control, and we need to adopt strategies to deal with the challenges, and opportunities, that arise from the cycles of change.

So what opportunities are there for you, in your organisation or business? Is it refurbishment, property or plant maintenance, hiring business critical staff while in a 'buyers market', establishing new client contacts or longer term market opportunities, implementing critical staff training and development...? It can take a leap of faith to take such bold steps at this time...but you may notice in life that boldness when combined with wisdom tends to reap the greatest rewards.

Among our own clients, we often notice that when business is good, organisations can struggle to get the right people on training and development programmes which they know are critical to growing the business, because managers and departments are often reluctant to release those people to attend when they are so busy. So what better time than during a slower period to capitalise on this opportunity and address some of your critical training needs?

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