



Growing in a Challenged Economy

Author: Jim Champy

Today's world of business is, at best, choppy. Assessing the state of the global economy is not simple. It's difficult to predict what will happen next, and formulaic advice to executives rings hollow. But the news and prospects are not all bad. While banks and businesses that are dependant on easy credit are tanking, other businesses, like Intel in the States and Tesco in the U.K., are predicting that 2008 will be a good year—signaling that there is opportunity in every economy for smart companies. In a true global economy, where goods and services can be sourced and sold anywhere, and when technology enables companies to operate in new ways, smart companies can still grow. But executives need to think differently to find opportunities for growth.

Throw the budget away and adopt a “just do it” philosophy.

When revenues for the year are uncertain, managers often apply tighter financial controls. Budgets are scrutinized and more strictly enforced. But the answer of how to grow during a challenging time will not be found in a budget or even in plans that pass for strategy. Budgets and plans may appear to enforce discipline, but they also represent entitlement. During choppy economic times, no one should assume that they can just keep spending.

A company's resources need to be redirected, but still with financial discipline. And, with a nod to Nike, decisions and actions need to be made quickly.

How can we create more value for our customers?

The companies that I studied in my new book, *Outsmart*, have found new value to deliver to customers and new ways to deliver that value. Customers rewarded these companies with high growth. For example, Shutterfly—the company that I thought was a photo-finishing business to which customers sent digital photos for processing—described itself as a “social expressions company”. With that broader lens on its business, it was finding all sorts of ways for its customers to share photos with members of their community.

Sonicbids—a company that you may have never heard of unless you are in the music business—has found ways to connect 130,000 musicians and performers with 15,000 promoters. These musicians and their audiences represent a \$13 billion growth market that no one had even seen.

During challenging times, incumbent companies, looking for growth strategies, often focus on what their competitors are doing. Forget your competitors for now and refocus on the needs of your customers. That's where opportunity comes from.

How do we become the low cost producer?

At the same time that you are looking at how to create new value for customers, you must find how to execute in the most efficient way. Information technology is an important enabler in this quest and how you use technology can also change what you offer to customers—as Shutterfly and Sonicbids demonstrate.

But getting more efficient is not just a short-term objective. In order to compete in the long term, companies must be one their industry's low-cost producers. It's the other edge of global markets—where everyone has new competitors, many of which operate with lower

costs and where technology is driving efficiencies. A company's mantra needs to be "more value for customers, delivered at less cost".

Don't forget your people.

But that didn't mean people in these companies were treated like commodities, easily exchangeable or discarded. Quite the contrary: people in the *Outsmart* companies were not only part of the operations, they were important links in the development of strategies—on the front line, seeing what worked and what didn't. When I walked the factory floor at Smith & Wesson, the fabled gun manufacturer that I also write about in *Outsmart*, the line workers spoke to me with great enthusiasm about how they were perfecting their work processes to improve the company's performance.

In choppy times, everyone's idea must be heard and the full force of the work force experienced. Growth takes using all of your available smarts.

Jim Champy, chairman of Perot Systems' consulting practice, is recognized throughout the world for his work on leadership and management issues and on organizational change and business reengineering. His first book, Reengineering the Corporation: A Manifesto for Business Revolution, sold more than three million copies and spent more than a year on The New York Times best seller list.