

Challenging Times, Creative Times

A Report By
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Challenging Times

“Markets Decline for 8th Consecutive Session”

“Floods Hit Region - 27 Dead, 65 Injured”

“Auditors Discover Irregularities”

“Bomb Explosion Downtown - Terrorist Cell Suspected”

“4th Quarter Earnings Lower Than Expectations”

“Bankruptcy Looms”

These are just a few of the typical headlines seen in any of the newspapers of most industrialized nations. Since the year 2000, the business world has faced many challenges from poor economic indicators, to global terrorism to accounting scandals and declining market values. Many industries have suffered financially as a result. The next few years will continue to pose a challenge for businesses that are not prepared to be creative. Buried in all of the negative news you read about each day, are many positive opportunities. These opportunities of course are not referring to shorting stocks in the equities markets but are in the nature of the incredibly rapid change going on today.

The Stars

Despite all of these changes during these challenging times, impressive financial results have been realized by companies in many parts of the world. These companies come in all shapes and sizes. Small, medium and large businesses in a wide variety of industries have achieved great success during these difficult times. Why some and not others? The differentiating factors for the succeeding organizations are 1) a good business design, 2) a focus on people, and 3) creativity.

A good business design provides the tools necessary for a business to be profitable and reach objectives. It is crucial for success that a strong business design be the cornerstone of any new venture. During these challenging times, the wrong business design stands out easily during a review of corporate financial statements.

A focus on people, including customers, suppliers, internal employees and third party partners, has been a common thread in many of the success stories during recessionary periods or times of great crisis. People run businesses. How those individuals feel they are treated by an organization translates directly into results. Customer loyalty translates into stability. Expense reduction through partners, employees and suppliers translates into financial risk mitigation. Loyalty of the organization to its employees translates into stellar productivity and customer service during times when large corporate layoffs are the norm.

Creativity is sometimes the only thread that can mean the difference between keeping a business solvent and business closure.

Opportunities Around Us

Despite the constant negative news we are sometimes surrounded by, there are a number of positive changes that are leading to new opportunities, just as it seems previous opportunities have closed up behind us. A few of the recent developments include:

- ?????Rapid technological advancements in many industries
- ?????End of declining (bear) markets in many countries (remember “buy low, sell high”)
- ?????Likely expansion of the European Union
- ?????Very strong growth rates in the developing economies of a few countries including some former Soviet States, small South East Asian countries and a few African countries
- ?????More open markets globally than ever before

Creative organizations have the ability to capitalize on these changes even during tough economic times.

Creative Times

There are a number of specific ways that firms have found creative solutions to the business problems of today and found creative ways to leverage their knowledge of the new opportunities. Listed here are some ideas that Xalles offers to support organizations and assist them in thinking of new and innovative ways to be more creative in short and long term planning.

Collective Bargaining Negotiations: This topic may be an unexpected one to see in a report on business creativity. Corporations and employee organizations who have agreed to reduce the number of hours in the work week and restructure some of the scheduling of work have experienced many positive results. These tactics have actually prevented layoffs of hundreds of valuable employees during periods of lower product demand.

Global Sourcing: In this global economy, it is easier than ever to shift work between markets and large workforces, or outsource areas that are not core competencies of the corporation.

Partnerships and Alliances: Other firms upstream or downstream in your product’s supply chain can help reduce costs through increased efficiencies and joint efforts to improve processes.

Corporate Knowledge Bases: To reduce the inefficiency and at times, reduce the need for additional resources while enabling more to be produced.

New Distribution Channels: During difficult financial times, new businesses start up who may act as distributors of your product or service, many of whom will work for a percentage of the revenue limiting your financial exposure.

Increased customer participation - in all that you do. Some of your customers may be very pleased to take advantage of self-service delivery models that would also save your firm tremendous costs of doing business. Involving your customers in the critical strategic decisions you are about to make, means you will increase their commitment to your direction and help you learn how to best roll out new practices and products.

New markets - taking advantage of new global market opportunities can make up for declines in revenues or market share in your traditional marketplaces. Your product may not be the latest in technology in your home country but may be exactly the product that is required in a developing country. The key is being opened minded to these possibilities.

This is a relatively short list to get you started. There are many more ways to improve your products, services, financial outlook, processes, management approaches, and organizational structures when you look for opportunities among the problems. Creativity will ultimately set your organization free from its challenges.