



# 'Simon Says'

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Edward George

## Did you know...

The US diet and weight loss industry achieves the majority of its \$50 billion annual budget in the first quarter of each new calendar year. Fuelled by the annual plight of reinvention, a quick Google search on 'losing fat' delivers close to 96 million hits. The same search on 'fat thinking' in a strategic business sense delivers a zero. So it's time to get schooled on how to shed the cognitive fat!

## Fat profits equals fat thinking: Why a skinny economy is good for the business mind.

There is no doubt that times are tough in the current business environment. Organisations are starting to report lower margins, a decline in revenue and most unfortunately, patterns of multiple redundancies. Clearly there is no longer room for fat thinking, but it doesn't mean it is all bad and there are certainly significant opportunities to be explored.

### What is fat thinking?

As a company, fat thinking typically occurs where the demand for your products and services, along with profits, are flowing so bountifully that the strategic mind shuts down and views everything in the context of abundance. "We are great because our numbers tell us we are doing everything right."



"Can I call you back Harry, I think the restructuring has started."

### The symptoms of classic fat thinking include:

- Too much work and not enough time to do it. Just recruit me warm bodies so we can cope.
- Less rigour being applied to account management. Business development executives are more likely to sit on large accounts as commissions almost deliver themselves. A focus on major clients that attract the big bucks leaves little attention being paid to smaller growth accounts.
- Revenue and profitability growth is exponential. Variable costs are less closely monitored.
- Non-performers can hide in profitable organisations.
- For supply and service based businesses there is an 'order taking' mind set. 'While we are thrilled that we have your business, you will just have to wait in line as we address the backlog!'
- Less time is spent on creative and strategic thinking, systems, processes and general business health checks. Although highly risky in approach, there is no apparent need to scrutinise the business or question the way it is being managed while budgets continue to be exceeded.

### The paradigm shift: Skinny economics sharpens the strategic mind and creates positive changes in the way we do things.

Isn't it interesting when we identify a hint of a downturn in business activity and performance that our priorities can take such a sharp change in direction? We tend to become more mindful and start to look critically at ways to streamline processes and rationalise resources.

### Here are some typical outcomes that occur when the strategic mind kicks out of neutral:

- Variable costs are under the microscope; especially high salaries. Travel and team building can also take a big hit to reduce discretionary costs.
- Reviewing individual performance and productivity becomes a strong focus. We turn our attention to real performance and take action to remove non-performers.
- BD people call on those smaller accounts that were neglected during fat times. This creates exciting opportunities to expand our client base and build new relationships.
- Strategic conversations take place around maintaining market share, working smarter and re-mixing our product and service offering to meet current needs. We challenge our thinking and get creative.
- Processes and systems are reviewed for improved efficiency, often uncovering big gaps and weaknesses.

Why does it take skinny economics to get us to reframe our strategic thinking? During good times are we being complacent when there only seems to be time to work *in* the business rather than *on* the business; or is this an unavoidable resourcing reality?

What seems evident is that continuous quality improvement requires a consistent approach, so when the bad times do hit, we are better equipped to balance business responsiveness with reactivity and shift our focus from problems to solutions.

Edward George provides comprehensive Human Resource Solutions specialising in outplacement services including workshops and one to one consulting, recruitment and retention strategies, exit interviews and position description upgrades. If you would like further information about any of our services, email us at [perth@edwardgeorge.com.au](mailto:perth@edwardgeorge.com.au) or phone us on **9457 4566**.

Simon Stibbs is the Managing Director of Edward George Pty Ltd.