

by Michael Wolf

# speedy recovery

## WHAT COMPANIES NEED TO DO TO RECOVER FROM THE ECONOMIC CRISIS

**A**s a board member of Boston-based management development and consulting company Global Partners Inc., I recently worked on a research study looking at the impact of the recession on buying and selling patterns in companies. The study's main findings were not surprising: difficult economic times have made almost everyone much more cautious. However, many of the measures taken by companies to manage their financial condition through the crisis should be reversed now, or they will lead to continued corporate shrinkage and prevent investments essential to recovery from being made.

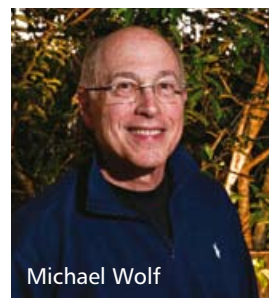
Two of the study's major findings were:

1. Buying decisions are taking much longer, and are sometimes even being delayed indefinitely. The idea of "the cost or consequence of doing nothing" has become a major issue while we are still living in a time when cash is king and companies are focused on their very survival.
2. Within companies, finance departments have taken over the decision-making role as well as the approval role: presidents and CEOs have decided that the only way to control cash is to make all such decisions themselves. In one case, a multi-billion dollar networking company has mandated that even a \$1,000 IT purchase must be signed off by the CFO. Delegation has become a dirty word, leaving senior executives overloaded with expense decisions when they should be concentrating on the bigger picture.

When companies are growing, they need to spend money to keep doing so, whether it is capital expenditure or hiring more staff. By keeping finance in a position of a gate keeper with firm instructions to conserve cash, companies will be limiting their opportunities to grow. Of course, finance plays a crucial role in every company; I am by no means questioning that. Rather, I suggest that senior-level functional managers who have responsibilities to grow their business, gain market share, etc. are in the best position to make these decisions as long as budgets are respected.

In the US, many finance experts now believe that the worst is over and that the country is finally beginning to recover. One could argue that the timing is now at a critical point where functional executives need to be given back their decision-making roles—all be it with adequate financial oversight—in order to enable their company to begin to recover and grow. This timing may vary for different geographic areas, different industries, etc. and the US may be six months or a year ahead of western Europe or southeast Asia. However, the fundamental premise is valid. Think of a funnel filled up with balls all trying to get out at the small end, and you can quickly conclude that the number of balls coming out will be very limited. The process needs to be eased, and soon.

Growth and recovery opportunities are just around the corner. In order to take advantage of them, companies need to prepare now.



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*Michael Wolf founded Strategic Sales Skills in January 2009 following a 35 year career in sales and marketing of high technology products, mainly in the semiconductor industry.*