



Facing up to the R word

By Martin Wooler

In the UK media – and elsewhere – the talk is increasingly of imminent recession, fuelled by falling house prices, increased energy and food costs, and crises in the financial markets.

There seems little scope for Government help in the face of a global downturn which some pundits say may not reverse until 2010. But even though there may be tough times ahead, this could be the ideal time to invest in new products and services.

Inevitably, many businesses are starting to cut back where they can, especially in their use of oil-derived raw materials and energy intensive processes, areas where costs have risen considerably in the last year. We are finding that our Product Challenge service is proving particularly useful in this context, as it is a process designed to completely re-evaluate the specification, technology and manufacture of existing products. We aim not just to shave costs, but also to produce radical economies of (typically) between 20% to 40%, while greatly improving performance and profitability.

But managing costs is just part of the picture. To survive a recession, and emerge stronger when the market starts to revive, a business

must look further than its existing product line, and consider strategic innovation across its operations. In our experience, the best way to save and restore profit margins and build market share – particularly in the face of lower labour-cost competitors – is to develop clearly differentiated products and services, especially those which can take advantage of the new opportunities which a recession inevitably reveals.

The development of ‘green’ products and ‘cleantech’ services is one such example. Innovation in this area has taken on a new impetus, with consumers keener than ever before to use products which not only ‘help’ the environment but which also offer tangible and immediate energy savings.

Another area is the development of added-value services which are directly allied to existing successful products – services which can both build customer loyalty and provide feedback on customer use, leading to even better products in the future.

Further opportunities may also emerge by improving the software element of a product, especially if it enables the delivery of different functionalities, achieved while exploiting the economies offered by using a common software platform.

Despite the clouds now gathering on the economic horizon, businesses must continue to look to the future if they are to survive the storm. Companies already exploiting our specialist product design and development expertise are even now starting to identify their customers’ needs in a post-recession world; they want to capitalise on the demand that will inevitably emerge by creating truly innovative products and services that will both satisfy and shape future markets. If your competitors already have one eye on economic recovery, perhaps you should too?

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