



## **Recession May Provide Best Opportunity for Operational Change**

*Moving Beyond the Cost Cutting Advantages of Technology*

By Rick Ludolph, President, Productive Solutions LLC

In a recent email newsletter, one product development software marketer prominently highlighted how its solution “saves money” and “makes money” for customers. How refreshing, I thought, that the vendor chose to bypass the lofty marketing rhetoric common in this space to speak directly to the core interests of potential buyers in these challenging times – reducing costs.

Indeed, after months of economic challenges and the promise of more to come, what most fashion companies are looking for from technology right now is a means to remove costs from their operations. This is not to say that the strategic and longer-term benefits that many technologies deliver are any less important. In point of fact, many early PLM investments were driven primarily by the very real need to accelerate new product development and enhance collaboration across the business and with partners. I do wonder, however, just how compelling a vendor’s pitch to ‘position your company for the recovery’ is to an executive today that is more focused on surviving the downturn. In this climate, managers and executives are required to clearly identify the cost-saving opportunities to get funding for any initiative. This is why I encourage vendors to talk more about cost-cutting benefits.

But while cost cutting is sometimes necessary for survival, leaders know that cost reduction alone will not make a company successful longer term. In addition to cost reduction activities, best-in-class fashion companies are also working to leverage technology to achieve a higher level of operational excellence. In short, they are not just using technology to cut costs, they are using it to fundamentally change the way they are doing business. More efficient and effective operations will not only provide cost savings, but also increase employee and partner productivity, reduce process times, and improve customer satisfaction.

Savvy fashion industry leaders recognize that this downturn may well provide the best opportunity to make these business improvements. They also know that stepping up operational excellence in a recession puts a premium on performance across the organization. These companies are looking to improve results through a number of operational improvement initiatives such as enhancing product innovation, increasing supply chain efficiency, and improving on-time deliveries.

Technologies that support global collaboration, improve supply and demand chain visibility, and streamline business processes can play an important enabling role in business improvement. While costs may pose challenges to new technology initiatives, most companies agree that the larger barriers to achieving operational improvements are their own organizational complexities and the lack of change management expertise.

Even with current levels of technology, many fashion companies have miles to go in streamlining business processes, leveraging information to make better informed and more timely business decisions, integrating existing processes and systems, and sustaining improvement efforts over time. Often, some outside expertise in aligning technology to business needs and managing change is all that is required to fully realize the cost savings and other benefits these companies need to improve overall competitiveness.

For companies looking for opportunity in the recession, focusing on operational change supported by new or existing technologies now will pay dividends well beyond today’s required cost reductions.

**Productive Solutions, LLC is a boutique consulting services firm specializing in the fashion industry’s concept-to-delivery processes and enabling technologies. It brings a uniquely focused and personalized approach to an international client base of retailers, brands, manufacturers and vendors. Contact Rick Ludolph at [r.ludolph@productivesol.com](mailto:r.ludolph@productivesol.com) or visit [www.productivesol.com](http://www.productivesol.com).**