

## **Now is the Time**

The past 18 months or so have been one of the most trying economic times in the history of our country. However, several recent economic indicators are beginning to reflect that we are on the cusp of a much anticipated recovery. Therefore, now is the last chance to take advantage of this very unique situation.

The current economic climate has mandated most companies to tighten purse strings by cutting staff, being cautious about spending and streamlining expenses in all facets of the business. There is a pervasive "let's wait and see" or "let's wait until it gets better" mindset. Nevertheless, there are a few select pioneers out there who are using this opportunity to become stronger and more competitive in this rare situation. Their focus has been on exploiting three currently abundant resources in the distribution world.

## **Human Talent**

This economic downturn/recession has cut deeper than most of the recent declines. Some very talented people are available due to these cuts. These people have a wide variety of talents including managerial, information technology, inventory management, engineering and project based skills. The qualifications of candidates available from recruiters, job web sites and professional organizations are quite impressive. If you are in need of highly qualified staff to create, lead or maintain initiatives that make you more competitive, now is the time to acquire them.

Service industries also have been impacted by the economic downturn. Therefore, service organizations have had to shift their focus to projects more limited in scope and more specific needs oriented as opposed to projects with more comprehensive initiatives. This leads to underutilized staff at these organizations as well. These resources have considerable experience in their areas of expertise whether that is engineering, supply chain design and/or information technology strategy. So if you are in need of highly qualified contract resources, now is the time to utilize them.

## **Physical Equipment Availability**

There has been a weakened demand for equipment due to the economy. This includes all kinds of equipment including trailers, fork lifts, conveyor, selective pallet rack, shelving and even computer hardware. The softened demand has led to reduced production requirements at manufacturers. This has translated into new equipment delivery with some of the shortest historical lead times on record.

The used equipment market has also seen a significant increase in inventory in the last 18 months. The economy had shuttered many businesses and forced others to downsize. The equipment that supported these operations has now flooded the market. This also includes the facilities themselves. Due to the wide variety of industries and size of facilities impacted, there is a veritable cornucopia of equipment and facilities available.

So whether you are outfitting a new building, adding to an existing facility or upgrading within your facility; the odds are there is either quality used equipment available or new equipment that can be quickly sourced at a much lower expenditure than in recent years. Facility vacancy rates also are in your favor. Now is the time to source that equipment or building that expands your capacity or capabilities.

## Reduced Prices

The glut of human talent and equipment has offered yet another unique opportunity. The law of supply and demand has never been more applicable than now. Manufacturers are looking at their ability to keep a plant running versus closing them down. For most manufacturers the prospect of selling equipment at cost or very near the at cost level is better than the alternative of shuttering a plant even if only temporarily. The amount of used equipment is also at near all time highs. Realtors are sitting on vacant buildings are also being creative in methods to attract new tenants.

Unfortunately, the human side is also facing increased "price pressures". As people have been unemployed for longer and longer timeframes and in greater numbers, the balance has shifted to employers. When employers have openings they now have a larger pool of candidates. The most recent statistics show that there are on average six candidates for every job available. The surplus of candidates can lead to a wider range of acceptable salaries for a variety of reasons. Service companies face the same kind of decisions as equipment manufacturers. Is it better to keep people at a reduced rate than to lay them off and rehire them later?

Software vendors are facing very similar circumstances. The need for systems to support initiatives has been reduced. While some software products such as transportation management systems and subscription-based software have flourished in this market, others have struggled. These vendors have not stood still in terms of their product innovation, offering more advanced functionality and integrated functionality with what were once disparate product offerings. These struggling vendors are facing the increased price pressures when they do have interested prospects even though their products offer unprecedented functional depth, breadth and integration.

Given that climate, now is the time to obtain additional space, additional equipment, acquire advanced software systems, hire the additional staff required or utilize outside sources that give your company a competitive edge.

## What are you going to do?

The current environment is very similar to the 18 months post 9/11. For that time period the country was dealing with the effects of that horrific day. For 18 months many companies did very little. Some companies took advantage of that situation to increase the expertise of their human capital and expanded capabilities through implementing advanced systems/operations, material handling equipment and facilities at reduced expense. When the pent-up demand finally was released some of those other companies found themselves scrambling to find resources and paid additional costs for those suddenly scarce resources. So the question you have to ask yourself is will your company be one of the prudent ones that capitalized on this situation or one of the ones struggling to find appropriate resources when the inevitable recovery is in full swing. I am reminded of a Longfellow quote that aptly summarizes your opportunity:

The heights by great men reached and kept  
Were not attained by sudden flight,  
But they, while their companions slept,  
Were toiling upward in the night.