

# SouthPoint - Federal Reserve Bank of Atlanta

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## Recession lessons

As business owners and CEOs in the Southeast react to the positive media stories on [third quarter GDP](#), they have also been quick to remind us that while the recession may be over technically, there is still fallout to be dealt with.

Our contacts note that economic headwinds (things like high unemployment, cautious consumers, and uncertainty about commercial real estate, just to name a few) are having an effect on their business decisions, but all is not negative.

On the contrary, companies positioned to ride out a deep downturn like the one we are experiencing are providing a glimpse into how our region's most successful organizations got that way. Here are a few "lessons from the recession" from some of our business contacts:

It's great to have access to credit and even better to have access when you don't need it. Many of our contacts have emphasized the importance of maintaining an "emergency fund" for their businesses much like financial planners encourage for individuals.

Managers should take advantage of the unprecedented level of talent that is available in the labor market. We hear repeatedly that one of the best places to deploy emergency fund dollars is with new employees who can add immediate value to the enterprise. Some of the stories we've heard paint the picture of highly productive new staff doing the jobs of two and even three staff, and at the same time, challenging other staff to increase their own productivity. Our contacts also note that slow periods provide an opportunity to further develop strong performers in anticipation of deploying more productive and flexible human resources when demand picks up.

While many organizations have reduced both staffing and other expenditures, it's been noted by some contacts that even after the "first wave" of cuts, they were able to find additional savings through more creative uses of current resources. The point here is that when conventional wisdom would make one think that there was no more opportunity for efficiency gains, a deeper gaze can identify additional opportunities that will set them apart from the competition.

It appears there is a new paradigm for managing inventories at lower levels as compared to the past and that this won't change once the recovery gains momentum. Managers in the best companies will work harder to ensure idled assets are minimized.

We have also heard repeatedly about the importance of relationships with both vendors and customers. There is a heightened sense of the importance of knowing whom the organization works with, why they are important to the enterprise, and how the relationship can be strengthened through increased communication and flexibility.

While these are only a few of the lessons our contacts have shared, perhaps it is even more important to recognize

that tomorrow's most successful businesses are those that are planning for the future today.

*Chris Oakley serves as vice president and regional executive of the Jacksonville Branch. His territory includes all of central and north Florida, including the Panhandle. He and his counterparts in other parts of the Sixth District work to develop networks of individuals with "boots on the ground" who provide economic insight and intelligence to the Federal Reserve Bank of Atlanta. This information supplements the data that are analyzed and used in forecasting, and ultimately, policymaking.*

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