

Managing Overhead

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One of the things we do in this industry is put on permanent, full-time overhead for the new, larger company that we want to be. But the company that will be successful in the '90s and into the year 2000 has to be able to do less work in one year, more work in another year, and more work in the year after that. The successful company will be driven *by* the marketplace, not be demanding a steady volume of work *from* the marketplace.

We must think in terms of “flexible overhead” to deal with the reality of a cyclical market to avoid the desperate need for sales to achieve a drop dead number. To be flexible rent and lease equipment that goes back when the work slows down. Hire temporary office and accounting staff that you can lay off on short notice. Even if it seems a little expensive the differential in cost buys flexibility—survival insurance.

Avoid taking jobs that offend your plan. Don't knowingly embrace work that changes your flexibility. Shrink the work area where possible closer to home to allow you to watch it thoroughly to increase efficiency and profits. Those who embrace innovation in the field and in the office will get through this. Some have become office-centered to the point that they have little time for the work force. Some firms too many white-collar employees who do not build anything. They should have fewer desks, fewer telephones and turn off a few computers. It is possible to have too many people collecting and managing data that not one uses and that is not adding to production.

Some need to get back to basics; back to the way it was when you could turn your back on field forces and they would continue to produce. Absentee leadership cannot control the office or the field. Leadership is growing and enhancing people, not sales or company. In a down market you have a short-term problem that can be managed if you are willing to do a little less volume for a while. The choice is yours.