

# Prospering During Slow Economic Times



It is no secret that we appear to be heading into a period of slower economic growth. Polls indicate an increasing skepticism for the short-term future, and workers are feeling less secure about their jobs. ITAM professionals share these same concerns and worries. So what can we do about this as ITAM professionals? Do we have to be resigned to “toughing it out,” or is there an opportunity to employ our unique skill set in helping our organizations through this difficult time? I believe the opportunity to help exists, and ITAM professionals who seize it can prosper during this slow economic time.

This opportunity is rooted in the pressure on CEOs to continue growing their organization and increasing its value despite the poor economy. The CEO’s primary responsibility is to increase the value of the organization for its owners, who are becoming increasingly intolerant of poor results. Almost half of the Fortune 1000 CEOs have been replaced since 2000. Poor economic times do not provide a “free pass” for the CEO; instead they increase the pressure to produce results.

So how do CEOs respond? The foremost job of the CEO is to invest the organization’s capital in activities that generate the maximum possible return from the investment. CEOs are risk averse by nature, and tough economic times increase this aversion. So their

first tendency is to conserve the organization’s capital by reducing expenses. However, during the last decade most organizations have become as lean as they can and still function. Most organizations have little fat left to trim. A participant in the IBM Global CEO Study 2006 pointed this fact out

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when he said, “In the operations area, much of the innovation and cost savings that could be achieved has already been achieved. Our greatest focus is on business model innovation, which is where the greatest benefits lie.” In the same study, Klaus Kleinfeld, President and CEO of Siemens AG said, “You can only win the ‘war’ with ideas, not with spending cuts.”

The problem with spending cuts in an already lean organization is that you cut into muscle, not fat. The CEO has invested significant capital to build this muscle, and it is valuable to the organization. If the CEO cuts this muscle and then needs it again in the future, he would have to reinvest considerably more capital to rebuild it. So the CEO is “between a rock and hard place.” How does the CEO preserve the organization’s capital without losing the organization’s muscle?

One answer is to form strategic relationships with other organizations that leverage each other’s muscle. These



relationships provide faster access to new capabilities, markets, customers, etc. with less capital investment than growing them organically. Today's rapidly changing global marketplace requires organizations to adapt quickly to new market realities. An economic downturn does not alleviate that requirement. However, it does constrain an organization's ability to respond, with nothing more than its existing resources. Being a totally self-sufficient organization in today's business climate is already a significant challenge. An economic slowdown makes it impossible.

Strategic relationships, of course, introduce their own challenges. Foremost is that they are easy to form but difficult to execute. This was pointed out in the IBM Global CEO Study 2006. "As many CEOs explained, collaboration and partnering is 'theoretically easy', but 'practically hard to do.'" One of the CEOs in the study said, "It has been like Relationship 101. We're terrible, and we need to improve." The fundamental reason for this poor performance is that relationships with other organizations are not treated as corporate assets. They are not tracked in a corporate repository. They are viewed as owned by individuals and not by the corporation. They are not managed purposefully and systematically. This situation looks a lot like the early days of ITAM.

This lack of relationship management provides a golden opportunity for ITAM professionals since they have the necessary skills to manage these relationships as corporate assets. ITAM professionals know how to:

- Deal with multiple parts of the organization
- Manage finances, both incoming and outgoing
- Manage the intangible aspects of an asset
- Manage contracts
- Manage the retirement of an asset
- Develop and then apply systematic processes through the lifecycle of an asset.



In fact, ITAM professionals are uniquely qualified for this task because of their diverse skill set.

ITAM professionals should look for opportunities in relationship management and interject themselves into the process. When executive management starts talking about new alliances, partnerships, outsourcing deals, joint ventures, and acquisitions, ITAM professionals should ask how these relationships will be managed to ensure success. What monitoring mechanisms will be put in place to provide an early warning of relationship problems while there is time to take corrective action? Are the mechanisms in place to ensure that the relationship becomes part of the daily operation? A relationship does not become "real" on the day the agreements are executed. No, CEOs know that a relationship is real when its activities are in the budget and someone is accountable for their accomplishment.

The marketplace is forcing CEOs to form strategic relationships and to

ensure that they succeed. In today's economic climate, there's no margin for investment in a relationship that fails to produce the anticipated results. So CEOs will be looking for someone to lead the effort of managing these relationships as corporate assets. ITAM professionals should be at the top of that list.

Larry will continue exploring this topic along with others dealing with ITAM careers and vendor relationships in a regular column. He welcomes any feedback, questions, and suggestions for future topics. He can be reached at [larry.shoup@silvertreesolutions.com](mailto:larry.shoup@silvertreesolutions.com)