



Double Dip or No Double Dip?

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Double Dip or No Double Dip?

There is huge debate currently on whether we are heading into the dreaded double dip. The financial pages are full of the world's most knowledgeable economists' views on what the next 12 months holds. But, putting to one side what we are told by the financial experts and the newspapers, it's worth taking another angle - what are companies and business leaders *actually* doing now and what steps have they been taking in the last 18 months to get fit for the troubled times ahead?

A privileged perspective

As an Executive Search firm, we hold a privileged position – we gain another perspective. Through the number of CVs we receive, and through confidential discussions with clients, we are given an invaluable insight into how the economy is performing; what steps companies have taken to reduce risk and to reduce exposure to bad debt, and through their recruitment plans, what our client companies are planning for in the next 12-18 months. We are also the first to hear about potential redundancies when directors and managers from a wide range of companies, pre-empting feared redundancy, begin to put themselves on the market, well before the axe actually falls.

Reasons to be happy

What is certain is that things are better now than they have been for a long time. In the Private sector, companies have had to make cuts simply to keep going in the past two years, there was no alternative. We have witnessed companies reducing base salaries by up to 20% with employees' agreement, no pay increases, no bonuses paid. There have been wide scale recruitment freezes. Companies are getting fit, implementing lean methodologies and recruiting lean champions, delivering massive cost savings. Kaizen events are not just for the automotive industry. And the focus of clients has not simply been on talking cost out. They have been looking at ways of diversifying to generate new revenue streams. In the last 6 months we have seen recruitment freezes lifted and clients are recruiting again.

What our clients are telling us

What we are seeing and hearing is that clients in the private sector are starting to enjoy the benefits of the pain they have endured to get into shape for the demands of the new economy. Speaking to MDs and CEOs for example, in the parcels and logistics industry, we are hearing of increases in volumes since the summer holiday period ended. Having cut costs and now enjoying increased volumes, companies are in good shape, lean and hungry, poised to see increased profits, or, at worst, ready for the onslaught of the next recession. There is considerable optimism about the year ahead.

So what does the next 12 months hold?

We are not economists with access to the latest econometric reports bristling with figures and statistics. What we do have is a really good view of what is happening in the market place, straight from the business leaders. What we see, hear and feel is that there may be more tough times to come, but that private sector companies are in much better shape now than they were two years ago and there is optimism. As one of our senior contacts put it in an email to us today:



“There are signs that we may be returning to a more progressive era of business growth, GDP projections for the US and UK have been upgraded, and people appear to have recently stopped talking about a double-dip recession”

Let's hope he is right!!

A Word from the Partners

We hope you've found this piece interesting and useful, and we'd love to hear your thoughts on this subject. If you would like us to explore this subject in more detail, or if you would like to suggest other topics, please don't hesitate to contact us.

We look forward to working with you.

Best wishes

The Partners

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