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## Savvy companies avoid falling into the corporate anorexia trap

When times are lean, we cut back. Eliminating excess and making do with less is simple common sense, whether managing a household or a company.

However, the economic ups and downs of the past decade have prompted some companies to cut so much fat and become so lean that they are no longer healthy — they suffer from what some experts call “corporate anorexia.”

Most Americans are all too familiar with anorexia, a physical and mental health condition that results in otherwise healthy individuals starving themselves.

It's nearly impossible to escape tabloid cover stories examining the gaunt bone structure of one of Hollywood's young stars.

But despite the disorder's pervasiveness in our culture, we rarely think about anorexia in relation to companies. It is, however, an appropriate description of companies that, perhaps due to managers' fears of economic unknowns, get overly lean by cutting jobs.

Eliminating jobs, either through layoffs or attrition, is not in itself unhealthy. In a slow economy, it is often an unavoidable maneuver to reduce cost structures and operate more efficiently.

However, when companies cut too deep or remain too lean for too long, they can



PEOPLE  
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experience languid performance and, ultimately, stagnation.

The devastating effects of corporate anorexia manifest themselves in a variety of ways:

One of the most immediate effects of corporate anorexia is on a company's current work force.

Often, when a company cuts back, remaining employees are required to work additional hours or take on added tasks with little or no added pay.

If the job market is tight, employees are unlikely to complain, but over time employees are sure to feel increased stress and job dissatisfaction. Those overworked and underpaid employees will be quick to leave given the right opportunity.

If you are suffering from corporate anorexia now, it may only get worse if those few key people decide to leave.

Even if an anorexic company manages to retain its best, most experienced people, how effective can they be?

It is inevitable that when there is too much work, things ultimately fall through the cracks and product or service quality along with customer responsiveness typically suffer.

The potential for lost business is obvious.

Most managers strive to be “lean and mean.” It implies that a business is quick, agile and responsive to market movements.

But being too lean can have the reverse effect. When a company is too lean, it does not have the energy — in the form of

manpower — needed to respond to opportunities quickly. As a result, the anorexic company passes up opportunities for new business and potential growth.

Whether we like to admit it or not, most of us binge now and then.

We allow ourselves to eat a little more while on vacation or over the holidays, knowing we can cut back later to lose the added weight.

As individuals, it is relatively easy for us to change course. It is not so easy for companies to change course.

Just as it takes time to cut back, it takes time to staff up again.

Company managers can't decide to staff up for a project one day and have qualified people on site ready to work the following day.

It takes time to recruit and hire the right people. It takes longer still to orient those people to your company and train them to do the job according to your methods and procedures. When companies become too lean, proactive recruiting efforts are a positive step in the right direction, but the benefits can be months or even years away.

With so much negativity surrounding the current economy, it is natural for managers to think about getting lean.

It is smarter, however, for managers to plan wisely so their companies can be and stay healthy, in spite of the economy.

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