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Gaining From a Recession

It's been said that every golf shot makes someone happy. Economic turns, whether up, sideways or down, have a similar result. Inflation, for instance, is good for investors but bad for shoppers. A boom is good for revenues but bad for prevention efforts (no time for that right now).

The economic world is going to be dragging along for a year or so. Growth will slow, and consumers (both private and corporate) will find that they can get along without certain things. Management will be gloomy, and employees will be nervous. And this is the best time for the quality management professional to strike.

Corporations think of profit improvement in terms of increasing revenues. They're willing to take lower margins if necessary in order to raise sales figures. But that strategy is going to be difficult to implement in the near future. They're going to have to look elsewhere for profit improvement--perhaps for profit at all.

Fortunately, there is a mine of money waiting to be tapped. Most organizations, even those with quality programs, spend at least 20 percent of their revenue on the price of nonconformance (PONC). That number can be reduced by 25 percent in a couple of months and by 50 percent within a year. Do the math for your organization. Take 20 percent of revenue and then 25 percent of that number for delivery by the end of the first quarter. Then do the same for the remainder of the year and the beginning of 2002, starting with that much cost already eliminated.