

## IT'S THE SURVIVAL OF THE FITTEST

Turnaround specialists, never idle in tough times, are getting in early with the latest application of their skills: business stress testing. And rather than waiting for disaster to hit, companies are hopping on to the treadmill and hooking up for some comprehensive screening.

Less emergency treatment than preventive medicine, stress testing is about reading a business's weaknesses and shoring up underlying strengths. It's designed to get a company fit enough to deal with the unforeseen.

Michael Fingland is managing director of Vantage Performance and a director of the Turnaround Management Association of Australia (membership has grown by 40 per cent this year). He says business in the stress-testing area has doubled during the past 12 months.

"Stress testing is pre-emptive; it aims to set you up to be able to respond quickly to the unexpected," Fingland says. Diagnosis might include looking at staff numbers, retail margins, the cash-flow consequences of defaulting

or slower-paying customers, changes in stock movement, working capital and creditor negotiations. Stress testing can strengthen a business's bargaining position with financiers by showing it has plans in place to handle challenges.

Fingland says the need for such services has become more urgent as business shocks have accelerated. Where previously a company might have lost market share over two or three years, now it can happen overnight. Smaller businesses are particularly vulnerable and suffer a loss of confidence.

The economic downturn will result in businesses taking such check-ups seriously and seeking them out more often, Fingleton says.

"Until recently there were always two main excuses not to do it – time and resources. Stress testing project-manages the diagnostic process and can offer independent analysis."

He believes the huge growth in the area will continue until the economy picks up in about 18 months.

Deirdre Livolsi



## BOSSSES BURN THE CANDLE AT BOTH ENDS

The downturn may haunt people during their waking hours but it's also disturbing their sleep and affecting productivity the next day.

In a survey of 2500 managers in five countries by Royal Philips Electronics (which markets healthcare equipment), 61 per cent of respondents said lack of sleep was adversely affecting their job performance. Most blamed the recession.

Sleep – preferably eight hours a night – is critical to health, but the survey found the average manager gets about 20 per cent less than they should. Lack of sleep can result in weight gain, diabetes, high blood pressure and even heart attacks. But what concerns the boss most is the lost hours of productive work.

Seventy-two per cent of respondents in Britain, the

Netherlands, Germany, the US and Japan said they slept only six-and-a-quarter hours a night; 58 per cent had faltering concentration; 51 per cent had less patience; 49 per cent were less enthusiastic and 25 per cent reported impaired judgment.

One answer is to exercise so you're dog tired by the time your head hits the pillow. It beats lying awake churning over a problem.



### CASTING AROUND

> Not sure if it's the right time to launch a new business or change your marketing strategy? Take inspiration from Japan's Kikkoman Corporation, which brought soy sauce to white-bread America more than 50 years ago. Its strategy for success, explains chairman Yuzaburo Mogi, was marketing the sauce as an all-purpose seasoning rather than as an exotic Japanese condiment. [audiovideo.economist.com](http://audiovideo.economist.com)

> Or you can help others to set up a business, like former international banker Jacqueline Novogratz. She discusses her mistakes and successes in starting the Acumen Fund, a not-for-profit venture fund that invests in enterprises in Asia and Africa on [thebigmoney.com/articles/every-day-i-read-book/2009/04/01/banker-bridges-wealth-gap](http://thebigmoney.com/articles/every-day-i-read-book/2009/04/01/banker-bridges-wealth-gap)

> Even activists can be wildly successful entrepreneurs. In fact, as Stanford University academic Hayagreeva Rao argues, without market radicals companies such as Nike would not have been possible. The business world needs people to challenge the conventional wisdom, as the author of *Market Rebels: How Activists Make or Break Radical Innovation* tells McKinsey & Company. [mckinseyquarterly.com/Audio](http://mckinseyquarterly.com/Audio) Rebecca Turner