EDITORIAL

Beware The Efficiency Death Spiral

By HANK SCHLEISINGER

Officially, by accepted definition, we’re not in a recession. Not yet, anyway. Unofficially, it sure feels like one, and bulk vending operators have been feeling the heat for quite some time. With costs for product, fuel and just about everything else increasing, they are looking to cut costs and boost efficiency wherever and whenever they can. Many have extended service cycles, while others have added a fuel surcharge to commission rates. There have also been reports circulating of downsized staffs and reductions in warehouse space.

There is nothing particularly unusual about this. As a rule, smart small business owners are generally quick to respond to a changing economic climate.

However, there is a hidden danger of aggressive cost-cutting that rarely gets mentioned in the business press. That is to say—it is possible to cut costs and increase efficiency to the point of actually damaging a company. When money-saving measures also cut into a firm’s key competitive capabilities, they can become counterproductive. Wall Street, of course, rewards inefficiencies, they can become counterproductive. Wall Street, of course, rewards inefficiencies, they can become counterproductive. Wall Street, of course, rewards inefficiencies, they can become counterproductive. Wall Street, of course, rewards inefficiencies, they can become counterproductive. Wall Street, of course, rewards inefficiencies, they can become counterproductive. Wall Street, of course, rewards inefficiencies, they can become counterproductive. Wall Street, of course, rewards inefficiencies, they can become counterproductive.