

June 15, 2009

The big adjustment

Shape Corp., a supplier of car bumpers based in Grand Haven, Mich., laid off 630 people since December. But as Chrysler plans to reopen plants, the company **reportedly hopes to hire back 80 people**.

Officials at **Die-Matic Corp.**, a Brooklyn Heights, Ohio, metal stamper, told *The Wall Street Journal* that 65 percent of its business still serves the automotive market, but the remaining revenue streams come from such sectors as mining, construction, and small appliances. The company also is looking to the medical industry for more work.

These kinds of stories have peppered the news in recent weeks. They're reports that show what's really happening on the ground. Economic pundits continue to argue about what direction the economy will take. Will it continue its upward climb or sink back down to become a double-dip recession? Meanwhile, manufacturers have been quietly making adjustments.

Everyone's eye is on the Detroit Three and the huge network of auto suppliers. The *Journal* reported that "some industry experts predict as many as 20 percent of the industry's 1,700 core suppliers could go under this year. That figure doesn't include the far larger number of smaller businesses further down the supply chain, many of which are also under financial stress."

Yeesh.

But one trend the *Journal* and others report, alongside the emotionally jarring statistics, is how businesses are making adjustments to suit. From an article in today's *Journal*, I inferred two options that auto suppliers have: diversify or right-size. According to the report, **Delphi** is looking to diversify by applying its car battery technology to residential applications. **Pittsburgh Glass Works LLC** managers are taking a different approach. "Our focus has been on our footprint—with plant closures and right-sizing," company spokesperson Joe Stas told the newspaper. "We see a smaller market, but possibly a more profitable one going forward."

Adjusting a company to follow profitable lines of work is really what it's all about. And it's not only in the automotive industry. **The Shaw Group**, a Baton Rouge, La.-based pipe fabricator, recently announced a second round of layoffs in its plants in Louisiana and Oklahoma. But as the **Associated Press** reported, this week the company is holding a job fair to fill numerous positions for plants making nuclear reactor components.

Many have started referring to this downturn as "The Great Recession." I think the jury's still out as to whether that's a truly apt term. One thing's for sure: Companies can't go on like business as usual.

Perhaps we should call it "The Great Adjustment"?

(OK, maybe that makes the recession sound like some major chiropractic exam, but you get the idea.)

Posted At : 9:34 AM. | Posted By : Tim Heston