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Advice for Companies: You Can Try This at Home, Too



As you may remember, in September I wrote an article titled "How to Tackle Inflation and Economic Disorder: You can try this at home," offering some roadmap suggestions for **macroeconomic** decision-makers.

Due to high demand from readers of that article, this time I've prepared a recipe consisting of microeconomic advice specifically for companies.

Meanwhile, I examined numerous scientific articles and books to ensure the credibility of this recipe on a global scale. Let's get started.

Digital transformation and financial discipline

One of the greatest challenges facing businesses today is the rapid pace of digital transformation. In this context, continuing along the digitalisation path has become an absolute necessity for companies.

Research shows that digital transformation plays a critical role in increasing efficiency and competitiveness (Brynjolfsson & McAfee, 2014). Integrating digital systems enhances efficiency and provides a competitive advantage.

Managing business processes digitally allows for more effective use of resources. Specifically, a study by Davel, T. and Kasurinen, J. (2020) found that the use of digital technologies significantly reduces operational costs.

However, be warned—this requires patience of at least five years. I want to warn you in advance: don't get discouraged and abandon the process halfway.

Continuous monitoring of foreign exchange positions is essential

Another critical area is maintaining the balance between foreign currency debt and income. Ensuring this balance reduces financial risks and provides protection against

fluctuations in exchange rates.

Therefore, continuous monitoring of foreign exchange positions is essential.

Reports from the International Monetary Fund (IMF) recommend ongoing market surveillance and the use of hedging tools to effectively manage currency risk (IMF, 2019).

Moreover, as noted in economics books by Paul Krugman and Maurice Obstfeld, volatility in exchange rates directly affects international trade and investment decisions. Special caution should be taken in countries experiencing dollarization.

Budgeting, coordination, and internal communication

Disseminating the budgeting process across all levels, meaning involving all employees, is also vital. This approach increases employees' commitment to the budget and fosters a more inclusive planning process.

Likewise, effective communication among the Finance, Purchasing, and Accounting departments is crucial for internal financial management. Coordination between these departments helps support healthier, data-driven decision-making.

Close collaboration and joint decision-making among departments are advisable

As Peter Senge emphasised in his book "The Fifth Discipline," learning organisations adopt communication and information sharing as core principles (Senge, 1990). During difficult times, it can be challenging to identify key decisions.

Some operational situations might, under normal circumstances, be routine but may assume tactical or strategic importance in tough times. Therefore, close collaboration and joint decision-making among departments

are advisable.

Supply chain and market dynamics

Supply chain management is another critical factor for success. Limiting dependence to no more than 30% on any single supplier or customer reduces risk exposure. Avoiding excessive inventory and preventing stock aging are also essential for cost control.

Chopra and Meindl's book, *Supply Chain Management*, provides detailed guidance on how to reduce risks through diversified sourcing and flexible inventory strategies (Chopra & Meindl, 2016). Avoid building volume with any supplier or customer that could cause substantial harm if they suddenly disappear.

Monitoring market dynamics and maintaining constant communication with employees are key to strategic decision-making. Additionally, improving efficiency has become an indispensable necessity in today's competitive landscape.

Financial discipline is one of the fundamental pillars

Peter Drucker's famous quote says, "The greatest asset in business today is access to the right information" (Drucker, 2001). Being swift and efficient is our only option—let's not forget that.

Avoid personal or family expenses paid from the company account; preserving the company's financial health is paramount. Clearly defining needs and postponing unnecessary expenses are necessary steps to protect liquidity.

In difficult economic conditions, financial discipline is one of the fundamental pillars. Sometimes in family businesses, personal and corporate expenses get mixed. It's important to objectively distinguish these costs and serve

as a good example to staff.

Employee relations and ethics

Regular communication with employees increases motivation and strengthens company culture. Being open to innovative ideas is also indispensable for continuous development.

Research by Simply Calculator shows that strong communication channels enhance employee engagement and foster innovative thinking (Simply Calculator, 2022).



Trustworthiness and ethical practices are fundamental to gaining respect from customers and society - Emre Alkin

Active listening and collaborative thinking create a healthier work environment, positively impacting both employee satisfaction and operational productivity.

Managers often believe they know everything correctly, but unfortunately, this can lead to disaster. Strengthening consultation channels between management and staff benefits the company.

Finally, upholding ethical values influences a company's reputation and long-term success. Trustworthiness and ethical practices are fundamental to gaining respect from customers and society.

Research by Leonard S. Newman and Philip K. Howard indicates that relationships built on ethical principles increase a company's

resilience during crises and contribute to sustainability (Newman & Howard, 2015).

Avoiding an echo chamber of self-praise, being open to criticism, and retaining qualified personnel are critically important for the company's development.

In conclusion, the key elements outlined above should be regarded as essential pillars for the sustainability of a company, despite economic difficulties.

These principles form the foundation of a healthy, innovative, and resilient corporate structure, both financially and in terms of human resources.

Adhering to these principles and continuously renewing oneself in today's evolving market conditions will guarantee the long-term success of every enterprise.