

You Cannot Cut Your Way to Growth

Why Capability, Not Cost, Determines Who Survives a Downturn

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The Problem Isn't Cost Reduction. It's Misunderstanding What's Removed.

It's true to say that very few organisations fail simply because they removed cost.

They fail because they removed their capability, and they hadn't realised this was protecting revenue, stabilising operations, and absorbing customer pain.

That capability is rarely obvious on any org' chart and it doesn't sit neatly in role descriptions. But the killer blow is that it almost never announces its absence immediately.

Capability contracts long before revenue does and unfortunately, by the time revenue reacts, that capability is already gone.

This is why the current economic climate is so dangerous - because the pressure pushes

leaders toward the very decisions that quietly undermine their organisations.

As we head further into 2026, it seems that every day delivers more bad news about the perilous state of the business marketplace. In fact, the economic pressure is no longer temporary for SMEs and mid-size organisations. It's the ongoing operating environment. That means continued slow growth, rising costs, cautious investment, and regulatory uncertainty are forcing leadership teams to review every line of their business spend.

In such circumstances the spreadsheet becomes the strategic weapon of choice. Business focus narrows and every cost line is placed under the microscope. All roles have to be justified and for many organisations, when this type of pressure arrives, they reach for the same levers.

Cut cost, reduce headcount and do it fast.

On face value this feels like decisive action, it reassures (some) stakeholders and, in the short term, it often works.

What it does not do is address the real risk

Capability Loss Is Silent at First

When the wrong capability is removed, the early signals are subtle:

- Slower responses - especially during moments of pressure
- More firefighting behind the scenes
- Reduced confidence when things don't go to plan
- Customers needing to chase rather than being proactively supported

Revenue doesn't disappear overnight, and customer dissatisfaction may or may not surface as a complaint.

Instead, the impact accumulates beyond the day-to-day focus, and long before it appears in customer churn reports, renewal discussions, or lost opportunities.

By the time financial impact becomes visible, the original decision is usually irreversible (at least in the short-medium term).

Organisations rarely collapse when capability is removed. Instead, they slowly lose strength – and that's expensive.

The Leadership Trap

Many leadership teams believe they would see the impact coming.

They assume:

- warning signs would surface quickly
- dashboards would show deterioration

- customers would complain before leaving

In reality, human judgement, informal recovery work and operational memory have been quietly compensating behind the scenes.

This is the work that protects your customers and which rarely ever appears in KPIs. Dashboards report activity, but this capability is the glue between the numbers.

Many processes look stable, but only because the right people are still busy. When they disappear, organisations don't collapse, they begin a steady decline.

And that shift is far harder to attribute back to any single decision.

Cutting People Removes Context, Not Just Cost

It is also my experience that service, after-sales, and operational roles are frequently among the first targeted.

On a spreadsheet, they look like cost centres. But the truth is, they are the keepers of knowledge critical to daily business operations.

That's knowledge about:

- which customers are becoming restless
- where processes only work because someone intervenes
- where automation still needs judgement
- where recovery depends on experience, not rules

When this is removed, organisations lose the ability to sense what is actually happening.



The Automation Illusion

The current 'on brand' trend is for AI and automation to be frequently used to justify headcount reduction.

The assumption is a simple one: Technology will compensate for lost expertise.

Yet customers rarely interpret automation as service enhancement. Instead, they see it as cost reduction, and that perception shifts trust before performance is even tested. Unfortunately, in my experience, the result is rarely neutral.

AI replaces tasks. It does not replace judgement and critically, it depends on:

- Stable processes
- Clean data
- Clear escalation paths
- Experienced oversight

I've seen first-hand that when the people who understand where the system breaks and how it is held together are removed, automation doesn't eliminate defects - it industrialises them.

That tacit knowledge is what contains the imperfections, and without it, errors multiply at pace.

Quite simply, automation accelerates whatever is already true about your organisation. If your processes are strong, it strengthens them. If they are fragile, it reveals that fragility at scale.

Therefore, cutting the people who understand the exceptions, the context, and the commercial consequences is the fastest way to make automation more expensive, not less.

A Better Question (and an Uncomfortable One)

The most important question for a business under cost pressure is not:

“Where can we cut?”

It is:

“Which capability, if removed, would we struggle to recover quickly?”

Many organisations cannot answer that with evidence and instead they use assumptions:

- about which roles are “non-essential”
- about which work is genuinely automated
- about which processes are truly stable
- about which customer relationships are resilient

Based on their experience, those assumptions feel reasonable, but they are also where the greatest risk hides, as lost knowledge is far harder to replace than lost headcount.

A Pause Worth Applying

Before reducing service, after-sales, or customer-facing capability, it's worth asking:

- Do we actually know which customers would feel the impact first?
- Do we know where tacit knowledge is compensating for system and process limitations?
- Can we clearly articulate what work would stop if certain individuals left tomorrow?

If any of those questions are uncomfortable, that discomfort is a very useful indicator.

It signals a blind spot.

Informed Decisions or Capability Gambles?

Decisions made without this understanding are not simply cost reductions.

They are capability gambles, and most organisations don't realise they've gambled until the consequences arrive.

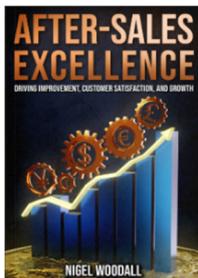
Where to Go Next

There is a short Capability Blind Spot Check available on the website. It's designed to expose where these risks sit before damaging decisions are made.

It doesn't tell you what to cut, instead, it reveals what you may be about to remove without understanding the consequences.

If you can answer the questions with evidence rather than assumption, it's likely that you don't need it. However, if you're not 100% certain, the results will make blind spots visible - before the consequences do.

The danger isn't that you will cut too much - it's that you will cut the wrong thing.



These perspectives draw on work across multiple sectors and themes developed over time, including those set out in *After-sales Excellence: Driving Improvement, Customer Satisfaction, and Growth* - by Nigel Woodall.

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