

Strategies for revitalising growth in 2011 & 2012

Western industrial companies have stabilised and now are striving to re-establish their former growth trajectories.

Competitors also want growth, but economic recovery remains uncertain and demand (outside of Asia) in most markets is flat – all contributing to an extremely tough competitive environment.

Most companies need to re-focus and refresh their market strategies, and some need a new overall business direction.

Cerebra has expertise and many years of practical experience supporting companies in this.

The current scenario:

Through 2009 and much of 2010 the focus of industrial companies was largely internal, on cost reduction and efficiency improvement. External horizons were short and 'tactical': customer retention and margin management were the key concerns. And rightly so: debate about the direction of the company had to be subordinated to ensuring it did not run out of cash in the short term.

Financial performance has now been stabilised (but often well below pre-recession levels), and companies have cash available. They can raise their sights again, and most desire to re-establish a growth trajectory. However economic recovery is uncertain and most Western markets are flat, whilst Chinese and Indian domestic markets are difficult, cutthroat and skewed towards undifferentiated products. Moreover, all the competitors in each industry segment have broadly the same growth aspirations. The outcome is an exceptionally aggressive competitive environment.

Companies cannot simply dust off their pre-crisis strategic plans and re-launch mothballed initiatives and innovations as though nothing had happened. Competitive landscapes have changed, sometimes dramatically. The relative competitive position of every company has inevitably changed, as has the structure and geography of its markets, the resources and capabilities it can bring to bear, and often even its market footprint. Very few can just pick up exactly where they were 3 years ago.

In 2011 and 2012 the primary focus is external: planning horizons have lengthened and thinking is increasingly strategic.

The requirement:

A common requirement is for revised and refocused market strategies that will deliver the desired growth in the post-recession market environment.

In some companies this means the market strategy for the whole businesses, whilst in others it may be limited to growth-driving innovations and initiatives that were shelved in 2008/9 to conserve cash. And for some, an overhaul of existing strategy may be adequate, whilst for others (those whose competitive position has changed radically) a rethink of basic business direction may be necessary.

A robust strategy is an imperative, not just a "nice to have" - because recovery will not be spread evenly across the players in each market sector:

- Competitors also will revitalise their strategies. Those that do not will be outmaneuvered.
- The intense scrutiny of financial investors and lenders will continue. They expect the managements they have invested in to be amongst the winners. Financial owners in particular are demanding vision and dynamism from their management teams, and those simply offering "more of the same" put themselves at risk
- Staff accept retrenchment and cost-cutting for a time, but this can feed a demoralising downward spiral if the business leaders do not demonstrate a clear, credible long-term vision

Objectivity is absolutely critical...

Companies will need to test their former assumptions, to ensure they adopt strategies that are relevant and effective today, and that they do not miss out on new opportunities that the industry upheavals have created. A strategy prepared 3 or 4 years ago may have been a masterpiece, but it still must be examined rigorously; and some organisations may need to take a 'clean sheet' approach. Reviewers must be prepared to take a knife to former strategies – and if necessary, tear them up and start again.

...as is building internal commitment ownership and commitment.

Industrial markets in the western world will be very tough in the foreseeable future; few sectors will grow significantly, and competition will be an arduous, grinding war of attrition. Other regions will be more dynamic and vibrant, and will offer opportunities; but they will also continue to support low cost, aggressive and highly-motivated competitors, who will exhibit increasing commercial sophistication and all-round quality – consequently the apparent opportunities will be strongly contested.

Western companies certainly need sound strategies if they are to survive, let alone grow in these circumstances: but they also need motivated, driven cultures and individuals to execute their strategies, efficiently and with vigour. Lacklustre, 'just doing my job' performance by staff will derail even the very best strategies.

A critical element in strategy development is therefore ensuring ownership, buy-in and belief in the strategy by key people in the company.

Cerebra Consulting has many years of experience assisting in this process: effectively, practically and economically.

We are a small team that has undertaken 300+ assignments for 80+ clients over two decades. Our people are senior, typically in their fifties, with great depth of experience in leading and advising chemicals, chemical products and materials businesses. We bring a unique combination of industry knowledge, contact networks, strategy process experience and intellectual rigour.

We believe strategy must be based on analysis and knowledge (plus a dash of creativity); but we appreciate that strategy projects easily become bogged down in the investigation of minutiae and excessive analysis. We therefore offer a highly pragmatic approach, recognising your organisation probably already knows most of what is required, and focusing only on issues that will materially impact strategy development.

We advocate a 'joint project team' approach; this is primarily to build ownership amongst your staff, but has a secondary effect of ensuring there is no "reinventing the wheel". Depending on your requirements and available resources, our involvement in the team may be a 'light touch' (facilitating/guiding the team and supporting your project leader), or a more 'hands on' involvement (managing and driving the project, undertaking more of the background work, but nevertheless involving your people in the process as much as their availability permits).

Whilst a core team will be responsible for the project, a wider group will be counselled and involved; and the launch of the strategy will be carefully tailored to maximise acceptance and re-build group confidence (especially if it has been battered by redundancies, plant closures, pay freezes, etc).

Either way, we will challenge and enthuse your staff, and support and guide them in developing a robust, practical, realistic strategy that they understand, accept, own and believe in. And we will do this efficiently, optimising the use of the time of your people and your money.

CONTACT:

44 (0) 121 708 0823 or +44 (0) 7976 831 613
e-mail: stevebutler@cerebraconsulting.com