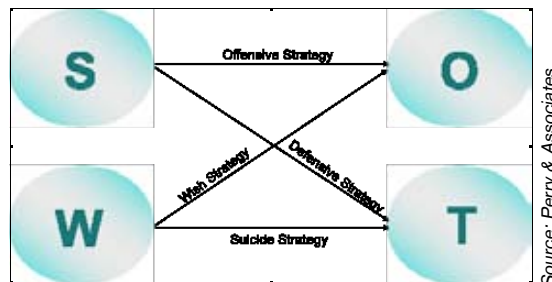


Strong defensive plans

require objective assessment of company strengths

Thinking of emerging from the economic crisis in great shape?
remember, "The bike race is won in the mountains."

Think through your defensive strategy right now without allowing a long, drawn-out, low-energy descent into "paralysis by analysis". It's good to get clarity of purpose long before the threats emerge; it's a waste of time and potentially suicidal if not based on an honest, objective assessment.



You are right to see today's confused environment as laden with threats:

- Your customers have their own problems, which will create new requirements and changes in procurement patterns.
- Competitors will discover opportunity; new entrants become excited about a South Africa whose economy is "hanging in" better than most other places.
- Legislative and regulatory change is now real in South Africa (new sets of rules, licensing or the competition authorities). Don't discount Eskom's unofficial but de facto regulation of investments in manufacturing capability (think Coega aluminium plant), property development or mining production.

Once you've sized up the options and made the calls, remember: speed counts – hesitant implementation will be worse than not having a defensive plan.

Creating an effective defensive strategy involves three essential steps:

- The first step is an assessment of the threats. The greatest difficulty of doing a proper job is how to get to "know the unknowns". To break this paradigm, draw on experience and expertise from other industries.
- The second step is an objective assessment of your company's strengths and weaknesses as they relate specifically to these

threats. SWOT sessions can easily slip into sloppy, self-love sessions – come up with ways of exposing your SWOT analysis to harsh, objective evaluation.

- The third step is to rapidly, objectively assess whether plans for facing off the threats are based on real strengths, or are a route to corporate suicide – use this simple test:

Successful execution of defensive strategies requires obsessive vigilance:

- All executives, from the CEO down, should be spending one or two days out there engaging with customers, making a realistic, real-time assessment of their dramatically changing needs.
- Keep thinking through threatening scenarios. Reduce these to two clear pictures of the near future – distinctly different, with a common starting point – the situation today.
- Then undertake a series of "What If?" exercises; say three to five each for Scenario A and B – this can bring reality home to your team.
- Use all potential inputs; the media, customers, consultants and suppliers to alert yourself to the milestones you will pass as these scenarios unfold.

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FOR BUSY PEOPLE

- Some decisions will be common to both scenarios – take them now. As the milestones on your strategic roadmap emerge, start implementing further parts of your defensive strategy.
- Research those unknowns needed to clarify your long-term strategy. Spend money and resources on the unknowns now while you still have budgetary flexibility – all defensive strategy decisions must align with your long-term vision.
- Commit to 2009 with enthusiasm; sharing defensive strategies and starting to execute these will fuel corporate confidence to emerge successfully when the crisis ends and the world seems full of promise once again.
- Most important, know how to find your way to the exit. Surprise (both positive and negative) will be the order of the day. An entrepreneurial client once said, "Mike, whenever I implement an innovation, I always know what Plan B is if it doesn't work out."