

Strategy for boomtimes

By Mike Perry

Infrastructure-related industries are facing explosive growth today with the expectation that this will extend well beyond 2010. Strategic marketers should be using these benign times and working harder than ever to create future business advantage.

Here are some pointers about meeting the challenges of growth:

1. Are full order books stressing your company?

If they are, it's probably time to restructure your organization to cope effectively and profitably with today's environment. The process could probably start with a market segmentation analysis (there will have inevitably been many changes to your customer base and there's little doubt that more can be projected for the future). This study may lead you to consider splitting the business into a number of independent units to better serve key market segments. These are only justifiable where different segments require different strategies. Today's smart technologies mean that these independent, focused business units can operate autonomously with relatively little additional overhead.

2. Thinking that sometime, the hot South African economy will attract more global competitors?

Now is the time to pre-emptively prepare for the inevitable. Don't allow competitors to become established in your region; think about the options for alliances. If you have to take them on directly, it's likely that you'll have to re-model your routes to market and increase the value that you bring to customers. This process involves benchmarking your distributors' value chains and encouraging them to become more effective. Look for opportunities to shorten the distribution chain as profit-takers in each link add cost to the end consumer. Move your sales strategy to provide customers with 'smart solutions' that add real value from their relationship with your company.

3. Are your customers pressuring you to deliver fast, but their own skills shortage is creating

delays?

This is the time to consider concepts such as creating a services division or some form of 'build and operate' proposition. An important consideration is how to bring ideas like these to market quickly and effectively? What's needed is to do in-depth research amongst customers, understand their operations and then get creative. The next step is to produce a 'prototype' of your proposition and make this the basis for further in-depth testing. The ideal situation is to build out your new proposition in collaboration with a number of 'friendly customers'.

4. Looking at making some acquisitions?

Corporate moves are the natural outcome of boom times. As the cash stockpile grows, management come under pressure to use it. The boomtimes mindset arrives a few years into the cycle, touching all in a given industry at approximately the same moment. This means that we're all going out on a simultaneous shopping spree at the top of the market! Therefore, it makes good sense to conduct a marketing due diligence that creatively identifies the real opportunities to be derived from that high-priced acquisition.

5. Do you expect more government intervention in your market?

Lawyers comment on the higher than average flow of new laws and regulations that affect business. The first step in meeting this challenge is to read the government 'White Paper', which usually discusses the international precedents that have been examined to create the new set of rules. These point you towards the markets which you should visit and assess to see how they are living with the forthcoming changes. Examine these markets carefully, getting to understand both failures and successes in detail. Use these learnings and local knowledge to

create 'What If?' scenarios. These allow you to then create customized solutions and test them. Major successes have been made by companies that have accepted that change is inevitable and have made strong, proactive moves to be strategically positioned in the new environment.

6. Is massive new capacity coming on-stream in 18 months time?

Project yourselves into the future; if you've decided that it's time to invest, then competitors are likely to be doing the same thing. That's going to mean moments of over-capacity 18 – 24 months out. You have to ensure that your expansion is successful with customers in the near future. This involves undertaking customer portfolio analyses to detect the future winners and losers. Then develop concepts for locking in customers (e.g. automated bulk systems that are integrated into their own processes). Get these new initiatives into position now with the customers that you have nominated as the future winners.

7. Are you really ahead of the pack?

Booming sales can frequently mask the occurrence of something unpleasant. Surprises include the unseen entrance of new competitors, a loss in market share, and salesforces that are starting to drift away from the concept that 'the customer is king'. Fast forward into the future and ask yourself the question: 'What if there's an economic slowdown in 2012 and what have you done to make your company a winner in that scenario?'

If you've allowed any of these symptoms of complacency to take hold, you'll be entering these future tough times at a strategic disadvantage.

"Managers must constantly be peering into the future to prepare for the best, or worst!"