

# Business bootcamp for global companies

*A tool for competitive advantage in a global environment.*

**D**o all global companies routinely take their strategy through the “what-ifs” screens associated with running their business? We are advocating broadening the use of strategy analysis, not just considering singular event strategic impact, but concurrent events both within a company’s control and outside of its control. That is, measuring the good, the OK, and the bad “what-if” scenarios.

Our experience says that most companies do not routinely take their strategy through comprehensive “what-ifs” screens associated with running their business.

My colleague Dan Watson’s August column in the Business Corner talked about the “economic sky falling” and all the concurrent negatives affecting our economy. In the recent past, seemingly simultaneous events have pushed negative front-page headlines. In about every corner of the industries we heretofore have viewed as stalwart bastions of impregnable substance, we see negative news. To mention a few name brand examples, Goodyear, Ford, GM, Chrysler, SAKS, Lowes,

Home Depot and even Wal-Mart, have felt the effects of these debilitating concurrent events.

The U.S. dollar has never before been so weak. With buying power 40% less than the Euro, goods and services today are 40% more than just three years ago. The price of oil and natural gas, which are the bedrocks of our chemicals industry and for which we rely on when purchasing vehicles, household goods, toys, fuel for autos, transportation, housing and commerce, has increased three-fold in the past four years. The mortgage industry crisis has produced record levels of foreclosures. At the same time Wall Street values are falling and performances of majors are short of forecasts with consolidation turmoil throughout. Credit ratings also continue to drop significantly. All these events have occurred in concert with one another and, are very interdependent.

These events are not new to you. They are, however, as a manager of any business, but especially a global one, events you must track separate and in combination and assume they will occur again.

Economic Events	Best	Most likely	Worst
WE GDP%	5.5	3.2	1.0
EU GDP%	12.0	6.7	0.5
NA GDP%	3.4	1.6	0.0
A/P GDP%	14.5	11.0	5.5
SA GDP%	8.5	4.0	0.0
NA EURO/\$	1.00	1.1	1.9
Barrel of Oil	\$38	\$43	\$135
<b>World Events</b>			
Wars in ME	None	Current levels	Iran & Israel
Terrorist attack	None	Some other country	USA
Russia Attacks	None	Souris into EU	Major democracy

Can you imagine four years ago in 2004 the president of a \$300 million dollar global coatings or adhesives business saying to his reports that he wants a “best, most likely and worst-case” set of

scenarios with the sets of inputs detailed in the chart on the previous page.

You would have laughed at least to yourself when you considered either end of this possibility spectrum. Certainly,

you would have thought, this line up of extreme events has no chance of happening in our lifetime. These worst case elements could not possibly “line-up” in today’s economy or even, you couldn’t imagine an economy in which this situation would exist. Could you?

Of course, with the significant exceptions of a terrorist attack (again) on the U.S.; major wars in the middle east; or even a direct attack on a major democracy, as we now know only too well, the worst case scenario did happen.

Today, as a global player, you must take into consideration all conceivable possibilities and, as we now have experienced, even some inconceivable ones as well. If this broadened scenario capability requires expansion in people and analytical tools and the additional use of outside organizations to assure all possibilities are covered, as a global participant in a global economy, it must be done.

Bridging up to this comprehensive, broadened analytical approach will not only require resources you may not possess currently, but it will require time to plan. Time to establish the tactical details of the plan would include, but not limited to:

- Programs’ objective deliverables;
- Selection of personnel and analytical software;
- A comprehensive understanding of the required data inputs;
- Sourcing for those data; and
- Determining the tempo required in gathering the data;

Once the first analysis is complete, the follow-on analysis will require much less effort, but constant massaging to keep current and viable. Chemark recommends a quarterly frequency to be used to assure your business is as current as is possible.

Properly designed and maintained, this tool can be a competitive advantage as part of a global company’s value proposition. **CW**

*See Chemark’s ad this month on page 25.*