

# Refresh Your Strategic Agenda

*Business failures and corporate insolvencies are increasing around the globe. Global research reports predicting a rise of 3% in business failures with Eurozone and Mediterranean economies said to rise by 12% and 19% respectively. Back home in India, going concerns are slipping into debt and growth traps primarily on account of long working capital cycles, wrong strategic choices and desires to grow at an aggressive rate.*

**Safeguard your Business by  
discovering new Strategic  
dimensions ...**

## Time out for a **Strategy Diagnosis**

Business volatility and market dynamics have forced businesses to exercise easier strategic choices which may not be sustainable in the long term. Business failures and corporate insolvencies are rising around the globe. Research report by Euler Hermes Insurance Company predicts a rise of 3% in business failures globally whereas the Eurozone and Mediterranean economies are estimated to rise by 12% and 19% respectively. In India, going concerns are slipping into debt and growth traps on account of a variety of reasons such as desires to grow at an aggressive rate, not keeping pace with competition, sticking to old business models and no desire to discover blue oceans. In this backdrop it was felt necessary to develop a quick Diagnostic Toolkit to assist Small and Emerging Businesses (SEBs) who are most vulnerable to business failures in volatile times. On account of economic uncertainty, dampened business confidence and growing compliance complexities the probability of SEBs failures is much higher. Strategy Insight the Diagnostic Toolkit developed by Verita assists SEBs benchmark the health of their Strategic Agenda against the generally recognised Strategy setting questions.

Strategy is all about understanding the available strategic choices and judiciously exercising choices to sustain in the long run. Strategy shifts are common place as most businesses tend to ape the industry practices and industry leaders in terms of businesses activities without understanding the implications on their business models. To ensure enduring success businesses need to continually re-invent themselves at each inflection point and the best way of re-inventing is through re-assessing the core and unique strengths of the business and by deepening the knowledge of customer needs.



Strategic Vision empowered by  
distilled insights.....

# Lessons from select Business failures

(Illustrations adopted from media reports and information websites)

Nature of the Business	At Its Peak	What Went Wrong	Lessons Learnt
A personal finance Web site based in San Francisco. #	One of the first movers in the Web 2.0 financial space. A site that would help consumers budget their money and make better spending decisions. The company received two rounds of venture capital financing totaling and signed up 150,000 members in its first year.	Ten months after Wesabe's introduction, a competitor, Mint.com, appeared. Mint had a better name and better design and was easier to use. Within nine months, Mint had 300,000 users and \$17 million in venture financing.	Simplifying consumer's experience would have helped.
A gourmet baby food company based in Long Island City, N.Y. #	The company's organic frozen baby food was sold on Amazon Grocery and in about 100 stores in the Northeast and Midwest. The founders, a former cookbook publicist, were presenting their business plan to potential investors.	Potential investors, skittish about the economy, pulled out. The company was struggling to get its products into the freezer section of grocery stores — yet the founders stuck to their concept because they believed frozen food was healthier for children than food in jars or pouches.	The founders should have been more open to producing shelf-stable formulations. It took them a long time to acknowledge that and by then they were in debt and couldn't support the company.
A Indian retail chain selling groceries, fruits, vegetables, medicines and mobile phones.*	It opened its first store in Chennai in March, 1997, opened 1000 outlets by December 2008. The founder had invested Rs.500 crores to increase the number of outlets to 2000 across the country by 2009.	Trouble for the company began in late 2008 when the company ran out of cash, bringing its operations to a standstill. It faced severe financial crisis pertaining to liquidity. The cash shortage eventually resulted in closing its nationwide network of 1,600 supermarket stores, and defaulting on loans, vendor payments and staff salaries..	Liquidity management and the overextended chain of business
Airline company^	The airline, through its parent company, had a 50% stake in low cost carrier. It had the second largest share in India's domestic air travel market.	The company has positioned itself as premium service provider and it acquired low cost carrier company and hence it was operated in two different business model. The company had reported Rs 7000 crore losses in FY 2011-12.	Frequent change in strategy and direction, over ambitious plans of the management of the company
The Company was predominantly a mechanical watch company##	The company had its marketing network in almost all major cities of India. They were the rulers of this market with a market share of a whopping 94% in 2000-01. It had good brand image and market leadership due to high quality, low price and durability of its products.	The company had given less emphasis on product research and development. It did not concentrate on the new trends and core competencies. With introduction of quartz, they began to import expensive watch parts from different parts of the globe. As a result, mechanical watch section became so ignored that their existing production capacity was utilized to a mere 34%.	Overlook new trends in the market and unable to identify, analyze and understand its own strengths or core competencies

#Illustrative examples adopted from stories published in the New York Times

\* source from Wikipedia, ^ source from Business Standards and Wikipedia, ## source from <http://thebrickstonetrainer.blogspot.in>



## Safe landing your Business Strategy....

### **Strategy Insight a tool for Strategy Diagnosis**

Strategy Insight is developed through desk research and study of seminal contributions on the subject of Strategy from publications of the Harvard Business Review. The toolkit provides insights to businesses on the strategic gaps that have been perceived by the management team but which remain unchecked usually on account of business priorities. Common unchecked issues that SEBs face are lack of a definite profit formula for each product/service line, lack of competition pricing intelligence, absence of stakeholder engagement, lack of knowledge of the changing customer needs, etc.

As businesses evolve over time their aggressive desire to grow often leads them to undertake activities that are not aligned to their core strategy and perhaps costlier as compared to their near competitors. Businesses are continuously hunting for growth opportunities but they rarely take a step back and self-reflect on the chosen path.

Strategy Insight enables SEBs to clearly re-discover their unique position and develop awareness about their existing position so that they can re-focus on the strategic choices to be made and the new position to be developed.

By undertaking the Strategic Diagnostic Assessment exercise businesses can create a strategic route map for the identified strategic gaps. Strategy Insight is developed in two parts; the first part assists you in assessing the depth of your existing strategic agenda and the second part assists you in assessing the implementation effectiveness of your existing strategy.

## How you benefit?

Our team will explain to you the need for developing a strategic framework for your business followed by taking you through the diagnostic toolkit. Your objective replies in the form of a Yes or No will enable us to give you an Executive Summary on the health of your Strategic Agenda. The Executive Summary shall include recommended enhancements to improve your strategic focus and re-vitalize your Strategic Agenda. Extracts of the toolkit are provided under Exhibits below:



### Strategy Assessment Toolkit

Sr No	Diagnostic Question	Yes/No
1	Have you developed a fine understanding of your industry by defining an Industry Analysis Chart which depicts the products, players, potential entrants, geographies, supplier groups and customer target segments?	Yes
2	Does your organization have a Strategic Agenda?	Yes
3	Has your industry undergone significant industry changes like entry of several players since you commenced business?	No
4	Does your organization have a Unique Position?	No
5	Is the Unique Position consistently communicated to all the stakeholders like employees, customers and vendors?	Yes
6	Has your company clearly defined product/service features that are offered in the market place?	Yes
7	Does your company chase easy growth opportunities by adding hot product/service features without screening them?	Yes
8	Has your company developed product or services varieties most distinctive in the market place?	Yes
9	Has your company recently measured which of your product or services varieties that is most profitable?	Yes
10	Has your company recently measured which of your customers are the most satisfied?	Yes
11	Has your company recently measured which of your customer channels are most profitable?	No
12	Has your company recently measured which of your procurement channel is most profitable?	No
13	Has your company analysed which business activities in your value chain are most suited for purpose?	No
14	Do we have an activity system map? Such a map connects all key business activities.	Yes
15	Has your company recently re-surveyed your customer needs?	No
16	Has your company recently measured which of your branch location is most productive and profitable?	Yes



*The results can be discussed in your next management meeting to set the tone for a new Strategy setting but above all will give you an opportunity to pause and think through your game plan.*

## How Verita can assist you?

Register for a Strategy Insight Session by sending an e-mail request to [huzeifa.unwala@verita.co.in](mailto:huzeifa.unwala@verita.co.in) OR [amit.shah@verita.co.in](mailto:amit.shah@verita.co.in). We will meet you over a call or in person at a mutually agreed time to assist you in your diagnostic assessment.

## About Verita

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