

Managing Enterprises During Challenging Economic Environment

SPECIAL ISSUE

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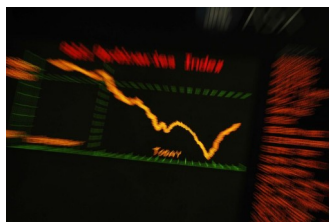
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Melt down of Wall Street hits Main Street

What started as the burst of the sub-prime bubble in the United States eventually caused the world financial market to an unprecedented collapse. The melt down in the financial market later pulled down Wall Street to its knee. Consequently, the real economy went into the reverse gear due to lack of liquidity and the significant moderation of demands across industries globally.

As the United States, the Euro zone, Japan and other developed countries took turn to announce officially that these economies are in recession, there was initially hope for the Asian economies particularly India and China to de-couple themselves from the rest of the world and lead global economic

recovery. However, as the global economic is presently very inter-connected, such a decoupling may not happen and there is a real possibility that the whole world would experience a protracted period of economic slow down.



Falling share prices is the order of the day

Given such a background, people on the "Main Streets" of the world, especially entrepreneurs should be prepared to operate in tough economic conditions

and position their enterprises to survive and capture any emerging opportunity.

The sooner the leadership and management of companies and enterprises accept the reality of the present business environment and formulate plans to whether what some people term as the "perfect storm" the higher would be the chance for the companies and enterprises to survive.

The present challenging economic environment has certainly altered the shape of competition in many markets. Those companies that align themselves towards these changes would certainly have the better chance to end as champions.

Managing cash flow is key for survival

Cash is King. This mantra remains relevant to all companies and enterprises, particularly when the business environment is challenging.

Cash flow management require serious considerations about how operational cash flow could

be optimised and balance is maintained between maintaining business prudent and pursuing growth.

Customer selection, pricing strategy and credit policy are some of the areas which should be reviewed in strengthening

your business cash flow. Such review need to be exercised with the full understanding of the possible consequences of any change to the key areas.

What have you done to date in ensuring sustainable cash flow for your business?

Tracking the changes in your industry



The “perfect storm” would have changed your industry landscape

“What are the things in the past that you did that you are not going to do anymore?”

Running business alone may not get you there!



As what happened in the United States financial services industry, companies big or small, newly established or the big guns may not survive the sharp reversal of the economy.

Whether the key players in your industry collapse or they merge into larger entities, the competitive landscape in the industry you are in would certainly be affected. It is important for these changes are tracked and new risks or

opportunities are recognised at the very early stage.

Having understood the changes, you should consider whether your business should follow similar strategy as before or consider different strategic path. This would include reviewing the value proposition that you offer to your customers, changing business processes or structuring your business differently..

More importantly, your management team and other people in your business should understand the shift in business strategy and are prepared to go the extra mile in ensuring the sustainability of your business.

While some may still want to run the businesses in the usual way, the changing industry landscape would be too significant to be ignored. Doing nothing is definitely risking the future of your business!

Planning alone is not good enough!

Your business strategy is only as good as its implementation! This is why a lot of businesses and organisations failed in getting the results that they planned for, The follow up was not there.

A basic guide in strategy implementation is for you to ask yourself the following questions?

- What would be the new things that you are suppose to do?
- What are the things in the past that you did that you are not going to do anymore?
- What are the things that you did in the past that you are going to do more?
- What are the things in the past that you are going to

do less?

The answers for the four questions would provide some clarity to you and your team member about how to change and achieve the results which you desire. In the absence of a clear pathway to change, the tendency would be for people to do the same thing that they have been doing in the past.

Can you manage everything just by yourself?

One of the challenges faced by many entrepreneurs and business owners is that they are only good in specific skills such as marketing and production or they could be technically trained as engineers or doctors. However, to run a successful business requires more that what you are capable of.

While bringing in people with the required skill sets as business partners or employees could be among the options, procuring the required skills through partnering with other organisations would also be something that you may want to consider.

You could for example out-source the strategic financial management to parties that offer CFO services. By taking this route, the financial management issues would be handled by people with the experience and skills while you focus on the areas where you have core skills and competencies.

Do you know how to continue to win in challenging business environment?



Understanding how your business or organisation is going to win the crowded market place is very important. This would enable the scarce resources that you have be channeled in the direction which would provide

Running businesses is just like playing chess, all moves should be thought through optimum results. Inovastra would work with your leadership team in understanding the market, identifying your unique value proposition and working on the options that you could choose in getting the results that you want.

Among the services we offer

in this area are:

- Facilitating strategy formulation
- Providing support in strategy implementation
- Performance management facilitation
- Developing risk management framework
- Opportunity discovery and business matching

“Cut the budget for your people training and development at your own peril!”

People development need to continue

One of the natural reaction when business environment becomes more challenging is to cut cost. Among the areas where this could happen in in the area of people training and development.

Cut the budget for your people training and development at your own peril!

Why?

The business landscape could be changing, new ways of winning need to be introduced, the ways business is operated may be changed. How could your business win the crowded and difficult business environment if they are not re-trained and continued to be conditioned to perform under a

more demanding circumstances?

Inovastra could help you in identifying your people training needs and could provide coaching in enabling them to be better leaders and managers.



Adapt or perish

Is there any other option for you and your business other than to adapt to the tough economic and business environment?

The simple answer is NO.

Extreme changes require immediate strategic response and follow up with swift execution of strat-

egy.

Apart from strategy and people, technology that you leverage on, processes of your business and policies that you apply need review and if necessary, changes.

Doing nothing is definitely risky!

Adaptation and change would only be possible if there is willingness to do so.

The decision lies in you, the leadership. It is you and only you that could decide the fate of your businesses and organisations.



Adaptation and change would only be possible if there is willingness to do so



INOVASTRA's THOUGHT LEADERSHIP NEWSLETTER

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**Competitiveness Through Innovation
and Strategy**

INOVASTRA believes that enterprises and businesses could enhance their competitiveness and have better chance to win in their target markets by being strategically focused and continuing to innovate.

We also believe that people is key to any success and we will work with entrepreneurs and directors in building teams who would go the extra miles in ensuring business sustainability.

Our people could also provide support and services in areas which compliments the skills and capabilities that you have in your team.

We are waiting for your call!

Inovastra's Thought Leaders



Abdul Rahim Hamid qualified professionally as an accountant and spent more than 3 decades in an internationally affiliated firm which provides business solutions and professional services to a wide range of clients.

He spent the last 15 years in the firm managing its business not only in client servicing but also talent development. His passions for people development grew during this period.

Rahim brings his many years of wide experience and passion for people development to Inovastra and is committed to contributing towards personal and business development both to individuals and enterprises through coaching and consulting at the strategic or operations levels.



Nik Hasyudeen has a strong passion in facilitating organisations developing and implementing strategies which enable the achievements of their strategic objectives.

An accountant by profession, Nik is excited in sharing his thoughts and ideas accumulated through his experience leading a medium sized professional services firm as well as being in the leadership positions of a number of government related entities and regional organisations.

His involvement in trade liberalisation negotiations provides him with the insight about the global challenges and opportunities which should be seriously addressed by all business entities and government agencies.