

Downturn Strategies Need Emotional Edge

September Breakfast Briefing Output

October 2008

Cognosis





Business issue

Client group output

Cognosis offer



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Business Issue

During Cognosis' September Breakfast Briefing a major issue facing UK business leaders was discussed: how to manage strategy to successfully survive the downturn.

Issue: Most business leaders say their strategy isn't right for a downturn but less than a third have done anything about it.

Insight: Even in good times businesses experience a 'strategy-performance gap'; 37% of a strategy's growth potential 'gets lost' in poor execution.* As the downturn bites there's a danger that managers react in ways that *widen* the gap.

Impact: Effective leaders will review and refine their strategy in light of the downturn, quickly but whole-mindedly.



September Breakfast Briefing Output

About this deck

Voting button technology allowed us to assess client response to a variety of questions during the recent Breakfast Briefing. Our aim was to understand their outlook on the current economic state of the UK.

We were able to compare responses of clients in the room with an external research study conducted by the Hay Group amongst UK execs in July 2008. Additionally, EDGE research provided insights and explanations for some of the concerns discussed.



Business issue



Client group output

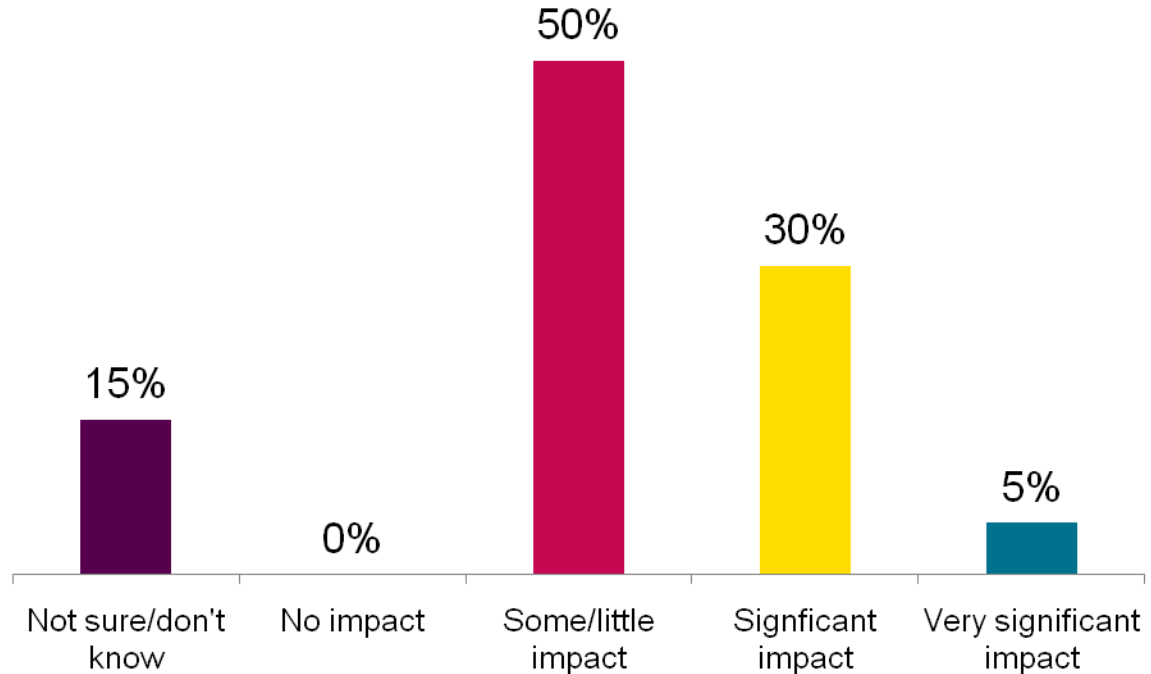
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Thinking about the economic downturn...

How badly is the downturn affecting or likely to affect your business?

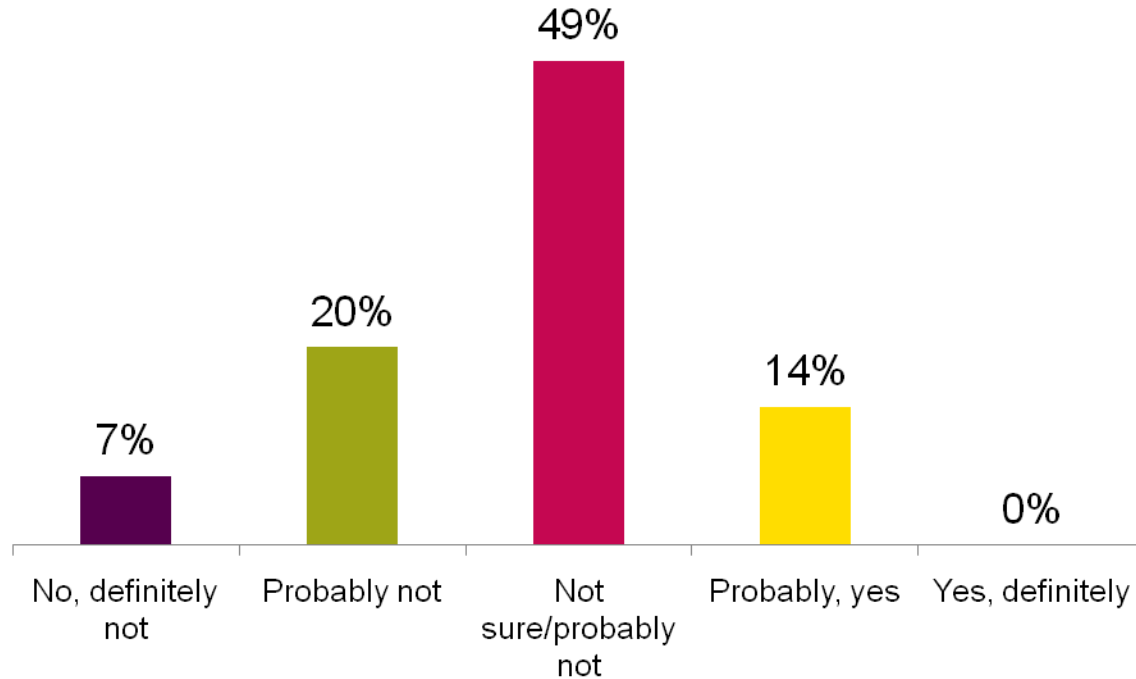
1. Not sure/don't know
2. No impact
3. Some/little impact
4. Significant impact
5. Very significant impact



Thinking about the economic downturn...

Does your organisation have the right strategy for the downturn?

1. No, definitely not
2. Probably not
3. Not sure/probably not
4. Probably, yes
5. Yes, definitely



Hay Group Research Results:

51%

Believe their organisation has the wrong strategy for current economic conditions

Source: Hay Group : 'Fight or Flight', July 2008

Harvard Business Review:

37%

Of strategy's growth potential is 'lost' in poor execution

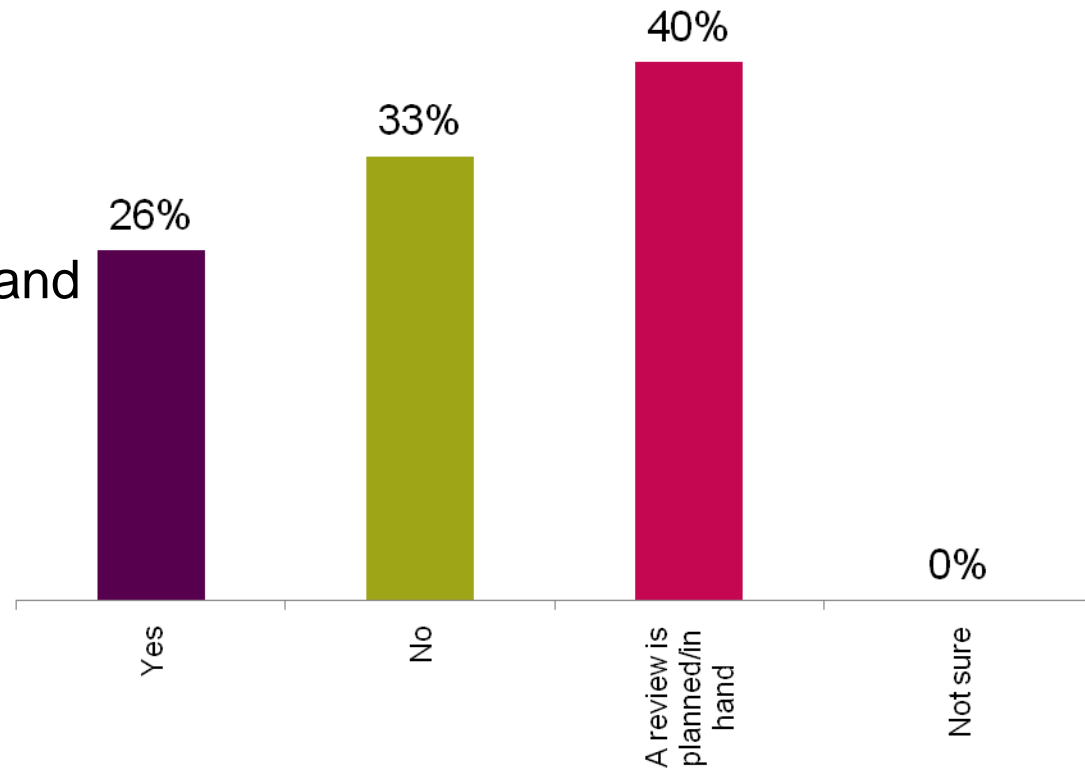
Source: Hay Group : 'Fight or Flight', July 2008



Thinking about the economic downturn...

Has your organisation reviewed/adapted its strategy in light of the downturn?

1. Yes
2. No
3. A review is planned/in hand
4. Not sure



Hay Group Research Results:

78%

Are aware that they need to adapt their strategy

Source: Hay Group : 'Fight or Flight', July 2008

Hay Group Research Results:

32%

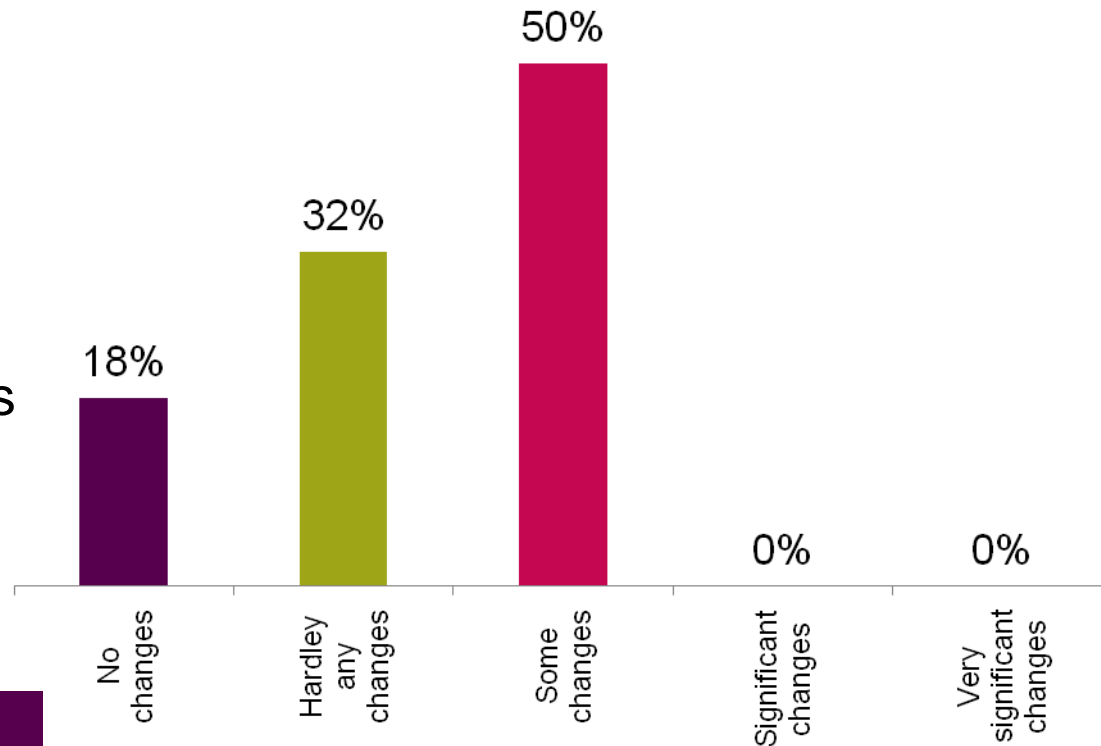
Have created a new strategy for the downturn



Thinking about the economic downturn...

To what extent has your organisation changed its goals/targets in light of the downturn?

1. No changes
2. Hardly any changes
3. Some changes
4. Significant changes
5. Very significant changes



Hay Group Research Results:

41%

Responded to the current economic state by simply readjusting performance targets

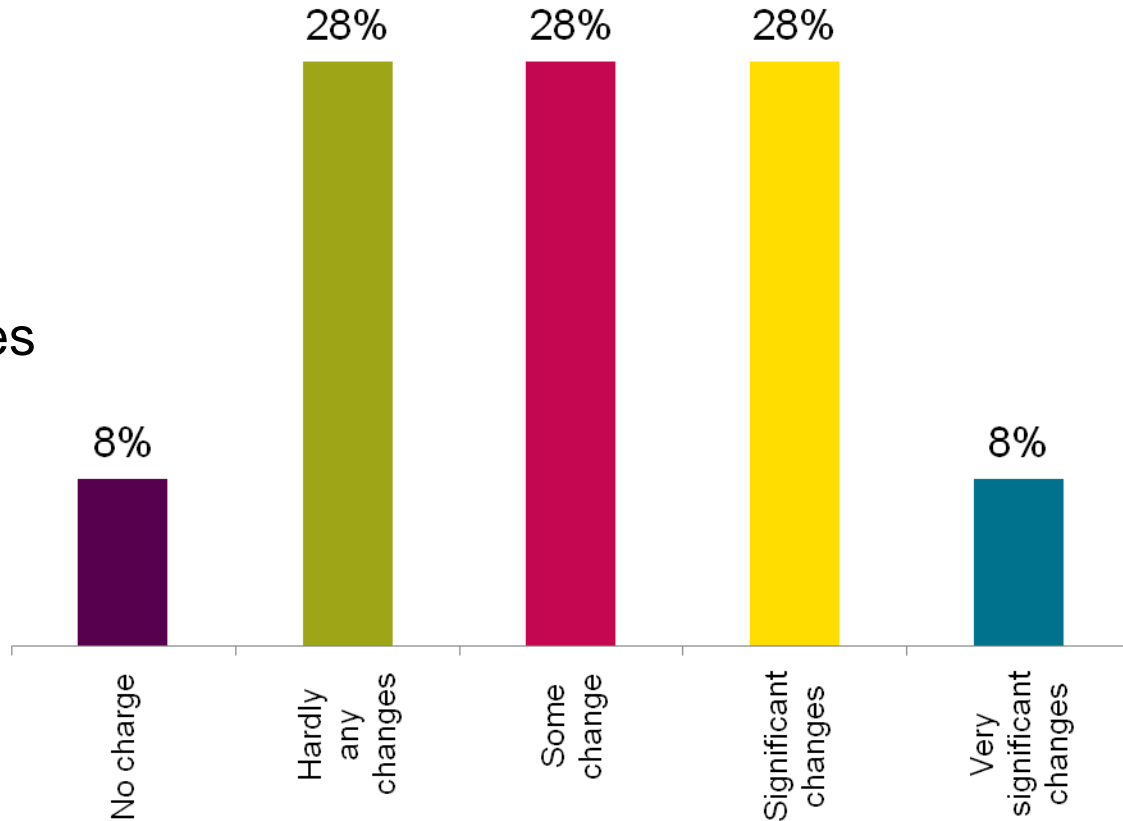
Source: Hay Group : 'Fight or Flight', July 2008



Thinking about the economic downturn...

To what extent has your organisation refocused plans/resources in light of the downturn?

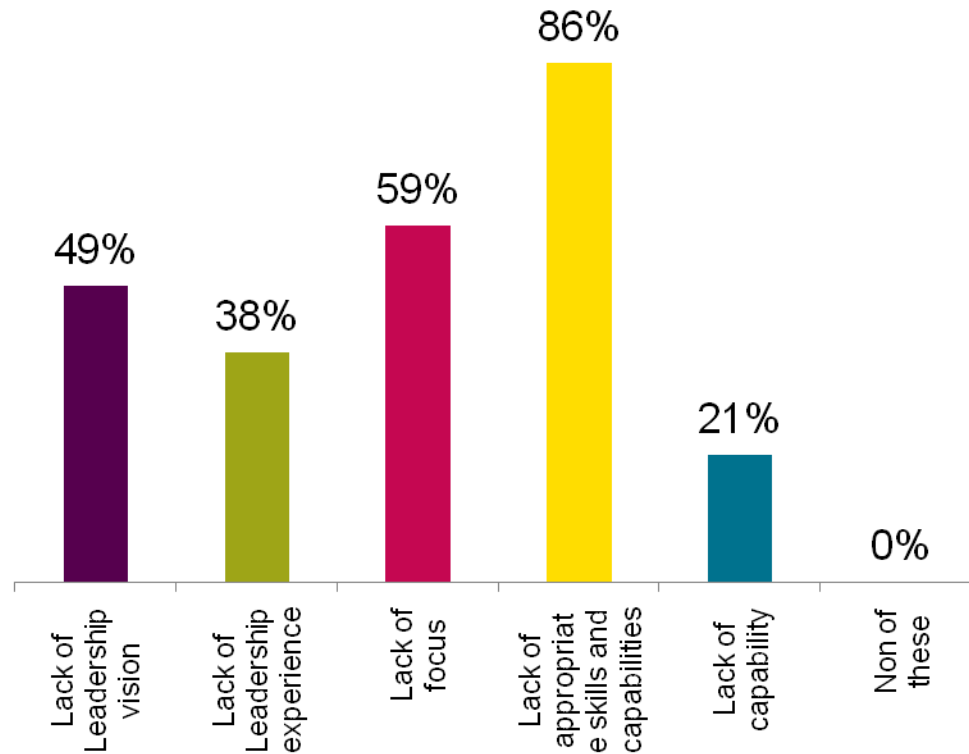
1. No change
2. Hardly any changes
3. Some change
4. Significant changes
5. Very significant changes



Thinking about the economic downturn...

Which of the following do you believe to be key threats to your business in the current environment? (vote for any that apply)

1. Lack of Leadership vision (to lead through the turbulence)
2. Lack of Leadership experience in dealing with downturn
3. Lack of focus throughout the organisation to change appropriately
4. Lack of appropriate skills and capabilities within the organisation
5. Lack of capability to execute sufficiently well in environment
6. None of these



Hay Group Research Results:

48%

Believe they lack the vision needed to lead through the economic turbulence

Hay Group Research Results:

46%

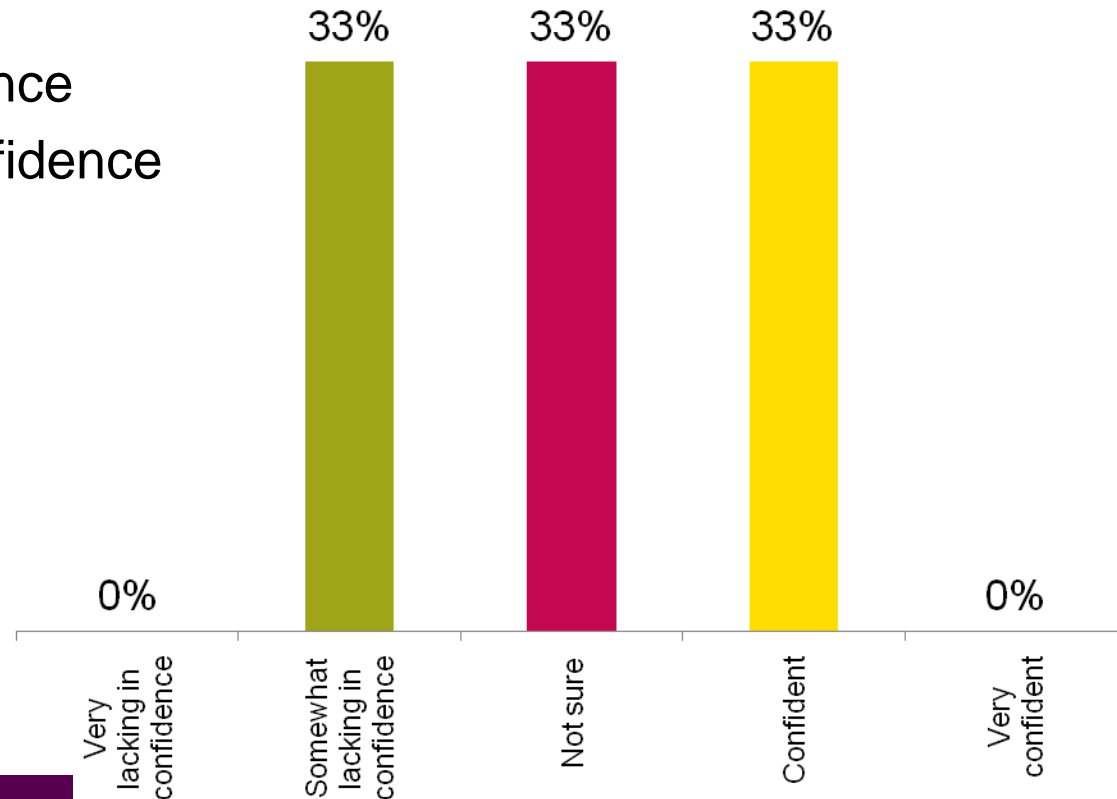
Believe their Leadership Team's lack of experience of managing in a downturn is a serious threat to their business



Thinking about the economic downturn...

When it comes to the short-/mid-term future, how confident are your people right now?

1. Very lacking in confidence
2. Somewhat lacking confidence
3. Not sure
4. Confident
5. Very confident



-26%

UK business confidence index Q3 2008

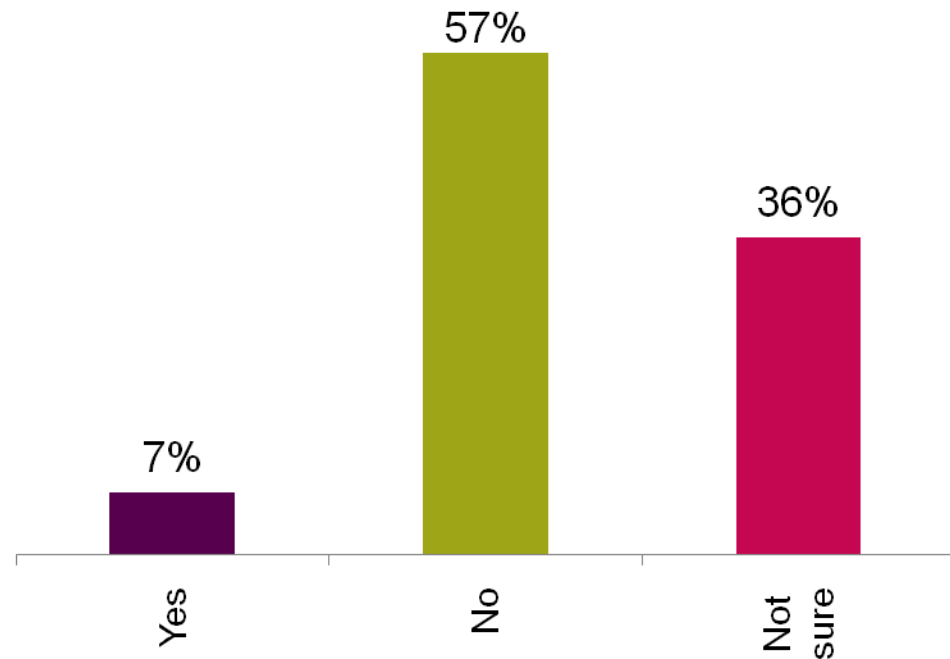
Source: The Institute of Chartered Accountants, Sept 2008



Thinking about the economic downturn...

Has your company formulated plans for when the market recovers?

1. Yes
2. No
3. Not sure



Hay Group Research Results:

4%

Have formulated plans for when the market recovers

Source: Hay Group : 'Fight or Flight', July 2008



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Winning strategy in a downturn

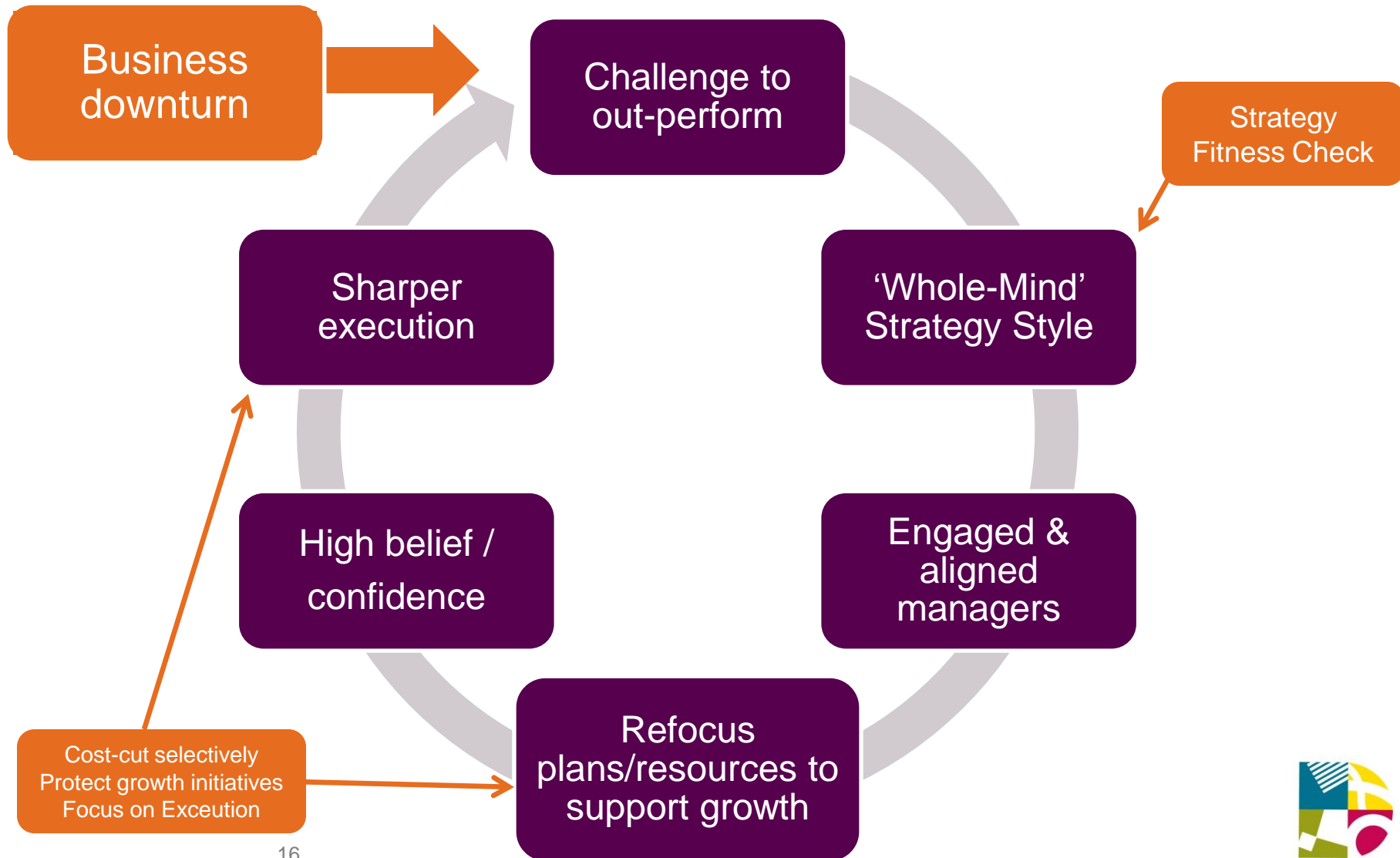
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- **The Breakfast Briefing and client discussions have made one thing very clear—if you're not re-thinking your strategy right now, you're hardly thinking at all.**
- Smart leaders will 'fitness-check' and refine their strategies, looking for opportunities to cut costs without undercutting performance. This means focusing hard and fast on strategic execution.
- Smart leaders know that designing a rationally better strategy is only part of the challenge – managers must be engaged and motivated to make it happen.
- **Cognosis helps leader teams sharpen their strategic execution to narrow the strategy-performance gap.** We design and deliver programmes that engage and excite the teams that must deliver, boosting confidence in your strategy and maintaining momentum.
 - 1) We can help you explore your strategic options in recession, assessing the impact of your plans on performance, keeping managers engaged with the strategy and its execution.
 - 2) We can help teams who want to think about how they can put themselves in a stronger position to make a fast-start when the green-shoots of recovery appear.



Winning strategy in a downturn

Rising to the downturn challenge



Winning strategy in a downturn

Eight 'must do's'

1. Put your leader team's 'whole-mind' to work

= Use EDGE principles to design/deliver a fast-track 'fitness check'...

2. Review strategic goals & programmes

= Build performance scenarios & response options to ensure flexible but consistent action...

3. Broaden strategic engagement

= Involve & engage the managers who must deliver, building commitment, releasing energy ...

4. Cut costs... intelligently

= Map investment/costs relative to performance impact, cut non-productive costs, but...

5. Protect the growth initiatives

= Consider re-allocating resource to boost investment in growth-driver initiatives...

6. Recalibrate KPIs

= Focus single-mindedly on the measures that matter most...

7. Sharpen execution process/initiatives

= Use Cognosis Strategic Execution Framework to step-change delivery...

8. Establish rules for allocating tactical resources

= Ensure you can realise opportunities created by competitors' poor performance.

...Keep people in the loop, and plan for recovery...

Powered by
Whole-Mind
Planning



Winning strategy in a downturn

Contact Cognosis

To discuss the issues further or to attend a future Breakfast Briefing, please contact us.

