



Fit for Growth

Extracting maximum value in a changing world

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Royal National Hotel
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Growing a business in an emerging industry is inherently complex



Addressing these demands are hard enough in a static world, but is made harder by the challenges of a changing world:

How is the world in which my business operates changing?

What are the implications for my business?

How should my business respond to this change?

These are key questions to get right, whether you're looking to establish your business, grow organically, acquire, collaborate, or exit

Failure to notice change and understand its implications is not unusual in business



"The Internet is just a passing fad" ... "We are not interested in it"
Bill Gates, 1993 (allegedly)

... Google, founded in 1996, is now worth \$180bn



- For decades Kodak dominated the chemically based photographic industry with classic installed base model
- Failed to foresee and adapt to the impact of emerging disruptive technology and sales of traditional film fell by 70% in 7 years to 2007. It has struggled to adjust, shedding tens of thousands of employees



- Invested heavily in the Californian market in the mid 1980s.
- Failed to foresee and adapt significant change in the market in 1986 when tax incentives expired, resulting in bankruptcy

Consider the following questions ...

How is the world in which my business operates changing?

- Customers and their needs
- Supply chain
- Competitive landscape
- Policy and regulation
- Technology
- Alternative business models



What are the implications for my business?

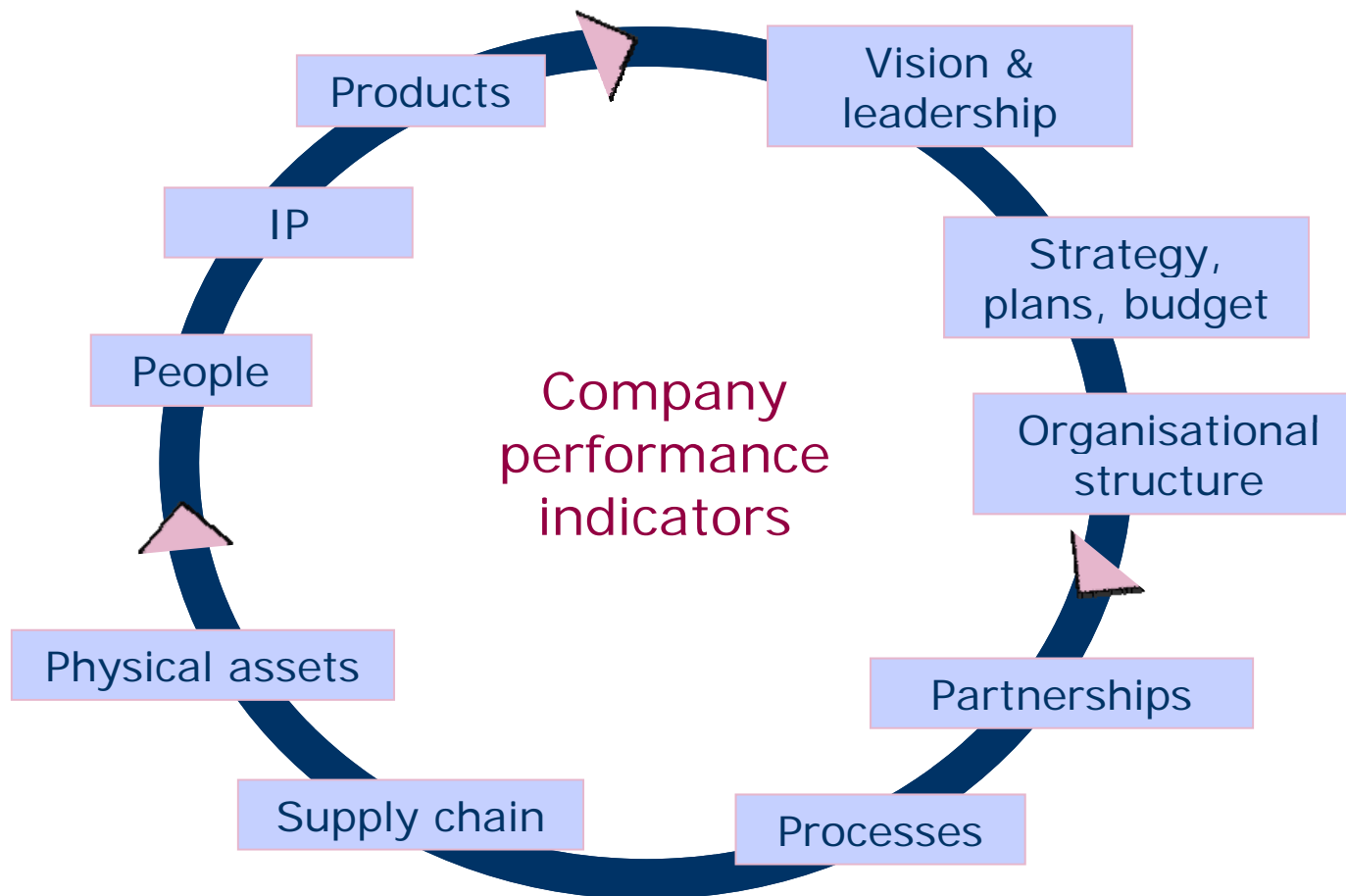
- What opportunities do these changes offer?
- How might I be exposed as my external environment changes?



... on a regular basis

Identifying the changing environment is only half the story

The next step is to identify how these changes will require your business to adapt



The right organisation for today's business environment may well not be right for tomorrow's

The ability to continuously improve and adapt to change is a key factor for success. The wind turbine industry provides examples



- Formed through merger and never created a fully merged organisation
- Poor communication between sales and mfg teams led to customer service and capacity utilisation problems
- Inadequate management structures led to unnecessary risk and a failure to address known technology problems
- Acquired by Vestas in 2003

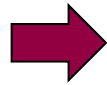
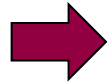


- Formed to develop wind farm sites, it altered its strategy due to market growth to concentrate on developing and marketing its turbine technology
- Secured a framework agreement with BP for the supply of turbines
- Recently secured significant investment from UTC

Consider the following questions ...

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How should my business respond to this change?

- Business vision and strategy
- Products & services
- Organisational structures, processes and systems
- Employees and skills
- Partnerships and collaborative activity
- Infrastructure and capacity

... on a regular basis

We recommend an annual 'health check' to review and align your business to its external environment

- Take time out to review your business and its environment on a regular basis
- Need not be a lengthy or time consuming process
- Must include external stakeholder engagement – your customers, investors, suppliers and employees
- Led by management but involve functional specialists
- Needs to be honest and open – insightful messages may not be popular
- Incorporate 'challenge' if possible – avoid group think
- Don't ignore the facts – gather and analyse your own performance data and that of the competition



Maximising the value of
your business today ...

... and tomorrow



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