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PERSPECTIVES

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Bucket List 2.0

**THREE THINGS TO DO BEFORE
YOUR COMPANY DIES**



We've all heard of the concept of the bucket list – the things that you really want to do before you die. But have you ever thought of making a bucket list for your company? The cold hard truth is that very nearly all organisations will meet with the corporate undertakers in the end. As an example, the world's first company, the Dutch East India company, was founded in 1602. At its peak, it employed nearly a million Europeans. Once richer and more powerful than most nations, it eventually died an ignominious death, appointing receivers in 1800. And at the other extreme, the large majority of small businesses and start-ups fail, the majority of them before their tenth birthday.

The last two decades have seen the spectacular overnight insolvencies of some of the largest businesses in the world. Some, such as Enron and Bear Stearns, were simply allowed to die a natural death. Others, including some of the largest American banks, were shepherded into the arms of larger, stronger organisations, allowing at least parts of the business to survive. In every case, those who were involved in the oversight and management of the companies in question will surely have had regrets as the new landlords or administrators walked in the door. And for many of the employees, the impact was profound, including lost jobs, lost investments, unexpected career changes and worse.

As one example, think of the failure of Baring Brothers & Co., Ltd, back in 1995. An organisation with a proud 200 year history, it had once been perceived as one of the six great powers of Europe (alongside France, Prussia, Austria, Russia and the UK). In the year before its untimely demise at the hands of an unsupervised trader, it had

been top of the M&A advisory league tables in the UK, then the location of the largest value of M&A transactions in Europe by far. It had also been voted "advisor of the year" and its fortunes were riding as high as ever in its history. Yet, barely a month later, administrators had been appointed and before long the business had been sold to Dutch bank ING for £1. Only its asset management business remains, now owned by the Massachusetts Mutual Life Insurance Company.

I witnessed these events first hand, from inside the Barings M&A business. We were horrified that all that had been done to rebuild the advisory franchise from a very weak period in the late 1980s had been undone in a few days. Worse, the damage had been caused by trading activities that we barely even knew existed. When the details of what had happened finally emerged, it transpired that from a risk management perspective there was *nothing* to learn at all from the debacle. With proper reconciliation of daily statements from the clearing house, and

follow-up of the reconciling items, the bank would never have failed. But the regrets were many, and the repercussions of the failure of Britain's oldest merchant bank were widely felt, not least via a complete restructuring of the UK's financial services supervisory regime.

So, although the timing of corporate failure may be very hard to predict, its certainty is inescapable. Imagine that you are one of the unfortunate directors or management team who are sitting at your organisation's boardroom table on the day that the corporate Grim Reaper walks in. When that dread moment comes, what will you wish you had done? As five or fifty or two hundred years of corporate history flashes through your mind, which points of indecision will you rue the most?

What's on your bucket list?

Draw up a bucket list for your company. It can be short – perhaps just five key things that you care the most about. Or, if it is longer, try to put the items in some sort of



order. If you find this hard, spend a little time looking at the list of household names that have disappeared, whether quietly or noisily, over the last few decades. Whilst the many failures in financial services may linger fresh in your mind, these dramas are not confined to the banking sector. Airlines such as Pan Am (US), Swiss Air (Switzerland) and Ansett (Australia) disappeared in a flash. Woolworth's, one of the UK's oldest retailers, died suddenly after decades of decline.

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Polaroid and Kodak, two of the oldest names in photography, died in the digital revolution.

Looking forward, manufacturers of petrol-powered cars are facing a prospective nemesis in the form of all-electric vehicles, with California-based Tesla leading the charge. Owners of electricity networks are starting to do the maths and realise that, with renewable energy costs falling by something like 15% a year, the time is very fast approaching when it will be cheaper and more reliable for consumers to put solar panels on the roof, and batteries in the basement, than connect to the grid. And the potential impacts of new technologies such as 3D printing are only just beginning to emerge.

For some organisations, drawing up a bucket list will be very easy. There will be long established and well understood challenges that have never been properly

addressed. These are nagging problems that have never been perceived as a near term priority, but which everyone knows are a significant, long term threat to the organisation's survival. Once on the bucket list, hopefully attention will begin to focus on how you can begin to address these challenges. Other companies may, however, look in the mirror and believe that they will live forever. They have the best products, the best staff, the most creative culture and an

amazing track record of innovation. But even these businesses can fail unexpectedly. And so making a bucket list will still be a useful tool. Are there innovative new products that have been held back, that they would regret having never launched? Or bold corporate initiatives that the organisation never quite had the confidence to unveil?

What does this tell you?

The point of a corporate bucket list is to focus your mind on things to do before the company dies. So it's worth noting that the causes of corporate failure are many and varied. Some businesses simply fall victim to old age, overtaken by the times and falling demand for antiquated products and services – as an example, the industries that supported the horse trade became rapidly outmoded as consumers opted for cars (much cheaper to run, and much less messy).

Others become chronically overweight, becoming inefficient, uncompetitive and slow-moving, and get overtaken by more nimble competitors. Yet more are poisoned, such as the slow, creeping death caused by a damaging culture. Some suffer from genetic problems, such as the supremacy gene, which manifests in the form of a powerful belief in their inherent superiority to all competitors, and leads to premature death. But perhaps the worst of all is companies that die simply from neglect. Once fit and strong, and frequently armed with all the ideas and capabilities required to live a long and healthy life, they become slowly but steadily more moribund, inefficient and uncompetitive.

Whatever the most likely cause of your own organisation's future demise, you should take heed of your bucket list. As with any personal bucket list, what gets written down may also tell you some very useful things about the company in question. So will the sense of urgency – or otherwise – to tick the items off the list.

So, whether it is drawn up in private by your Board and management team, or it is the product of a group-wide employee survey, look at the underlying themes and think about what they mean. Do they suggest that important areas of your business are being neglected? Or that there is already a sense of impending doom? Or that the supremacy gene is beginning to take hold?

Now do something about it!

Of course a bucket list is of no use at all if it is simply pinned to the wall and forgotten.



On your list, you may well find major initiatives which merit urgent prioritisation, but which have been overlooked for years as being too challenging to address. Indeed often problems like this become an object of intense internal scrutiny, as generations of managers spend time learning about their complexity and spending millions of dollars on consultants who advise that they

“candy bar” phones that were popular in the 2G era. Nokia had developed a flat screen smart phone long before the iPhone was launched, and indeed had experimented with the concept of an online store. But it had never grappled with the reality that smartphones with touch screens would eventually emerge, and its loyalty to its carrier customers meant that Nokia’s iStore

“Steve Jobs personifies this relentless drive to discover and bring to life new opportunity, and a matching hatred for the dull drudgery of the status quo”.

are simply too hard or too risky to tackle head on. The legacy core IT systems still operated by many banks around the world come to mind here. In reality, these systems will eventually have to be replaced at some point in time. The longer the delay, the more large and complex the replacement task will become. This goes also for legacy inventory management systems at major retailers, which have stifled the development of a truly integrated online and physical retail model.

Alternatively, you may find opportunities or problems which were never quite urgent enough to become near term priorities but which, if fulfilled, could transform or sustain the company’s fortunes. Nokia, once the world’s leading mobile phone company by far, had a market value of some US\$100bn in the year 2000. But it never had the confidence to move beyond the traditional

equivalent never saw the light of day. The carriers are still thriving, but Nokia’s mobile business has been sold to Microsoft for just US\$7.2bn.

Thus, the corporate bucket list is a very useful tool for identifying and making decisions about matters that really should be a long term priority for your organisation. The actions identified will be those things that you wish you had done if your company were to fail unexpectedly, whether in the near future or ten years time. This is very different from the short term mindset that underlies the focus on “no regrets” initiatives. Much more likely, the list will focus on actions which can be taken now to address major long term opportunities or challenges for the business which had been put in the “too hard” basket.

And here lies the heart of the opportunity. In most cases, the things on your bucket

list will represent the best opportunities to transform the performance, reach and impact of your organisation. As much as anyone else, Steve Jobs personifies this relentless drive to discover and bring to life new opportunity, and a matching hatred for the dull drudgery of the status quo. Under his leadership, Apple released three world-changing classes of product in barely a decade, something perhaps no other organisation has ever achieved. And let’s remember that, though almost ubiquitous today, the iPad only celebrated its fourth birthday on 3rd April 2014.

Will you seize this opportunity? Will your organisation draw up its bucket list and bring it to life? Or will you sit back, celebrate complacency, and run the risk of authoring a corporate epitaph which reads “Here lies a once great company”? P

Nigel Lake, Joint CEO

Latest issue from Pottinger Perspectives:



G20 Leaders are scheduled to make their longest journeys yet to reach this year's summit in Australia. Reinvigorated by the co-ordinated commitment to inject \$1.1 trillion in funds to stabilise the global economy during the height of the financial crisis, the G20 forum has gained materially in significance as nations representing 85% of the world economy, 76% of global trade and two-thirds of the world's population have navigated a calamitous financial vortex largely of their own making.

Since then, the G20 agenda has snowballed to encompass a plethora of different topics and interest groups. With the global economic environment looking much more benign than five years ago, can Australia persuade global leaders that the wider G20 forum remains worth their time? Will the G20 Leaders meeting make the transition from a crisis management body to one that prospectively builds for the future?

To do so, G2014 must leave a globally significant legacy, characterised by meaningful action on issues that benefit not just its membership, but the global economy as a whole.

<http://www.pottinger.com/epic-or-epitaph-g20-preview.html>

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Cassandra Kelly
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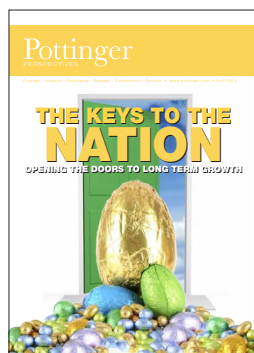
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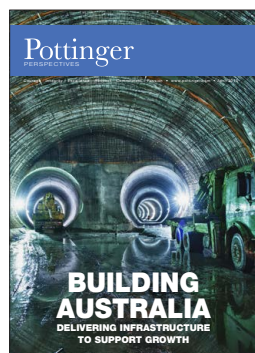
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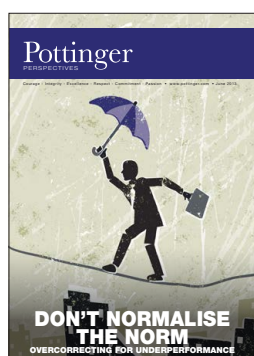
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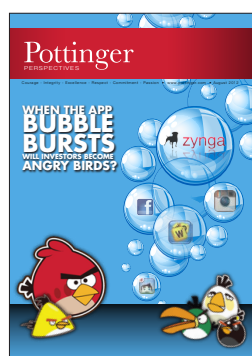
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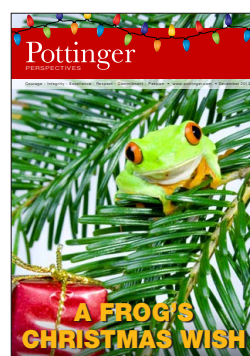
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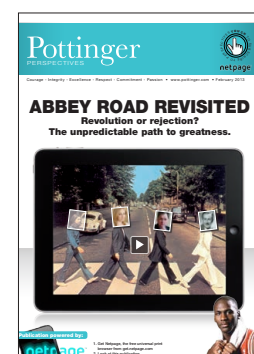
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