



# Business Strategies for Growth and Beyond

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# Black swan event

An event that comes as a surprise, has a major effect, and is often inappropriately rationalised after the fact with the benefit of hindsight

Black swan theory developed by Nassim Nicholas Taleb to explain:

- The disproportionate role of high-profile, hard-to-predict, and rare events that are beyond the realm of normal expectations in history, science, finance, and technology.
- The non-computability of the probability of the consequential rare events using scientific methods (owing to the very nature of small probabilities).
- The psychological biases that blind people, both individually and collectively, to uncertainty and to a rare event's massive role in historical affairs



# Business Strategies for Survival and Beyond

- Outlook – experts & travel
- Business failure – why?
- Business future proofing
- Future proofing toolkit
  - Customer
  - Workforce
  - IT
  - Cash and capital
  - Tax
  - Yourself
- The new normal business





# Outlook- experts

- Economic activity collapsed in April company closures rising unemployment and related uncertainty will result in recession
- Bounce back will not be even – sector – country
- Travel reduced due to: recession, greater use of video conferencing, social distancing, anxiety .....
- A “New Normal”





# Outlook- travel



- UK Government imposes 14 day quarantine on arrivals
- Southwest Airlines extends limited seating on airlines until September
- Norwegian Cruise Line pushes sailing restart date to October.
- Germany bans large events until October
- Australia says borders likely to stay closed until 2021
- IATA finds people less willing to fly now than in the lockdown peak 60% willing flyers in April 45% now
- Hilton plans to layoff 2,100 corporate employees but Marriot are more upbeat
- Impact on credit availability as credit risk re-assessed
- UK domestic holiday industry expecting busy summer





# Businesses failure - why?

- Lack of planning
- Leadership failure
- No differentiation
- Ignoring customer needs
- Inability to learn from failure
- Poor business model
- Lack of capital
- Premature scaling – growth
- **Black swan events**



Forbes

Bloomberg





# Future proofing

The process of anticipating the future and developing methods of minimizing the effects of shocks and stresses of future events – difficult especially with black swan events

A set of future proofing principles have evolved – these can be applied to a number of areas.

Future proofing toolkit.....

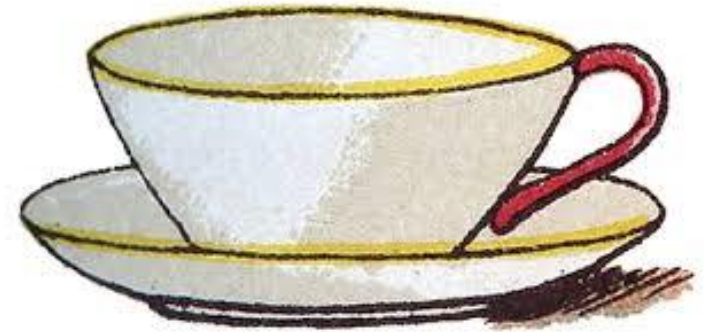




# Future proofing toolkit

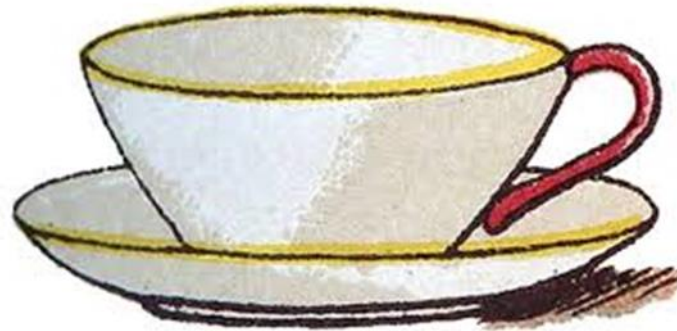


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# Future proofing toolkit





# Future proofing toolkit

- customers
- workforce
- IT
- cash and capital
- tax
- **YOURSELF**





# Future proof customers

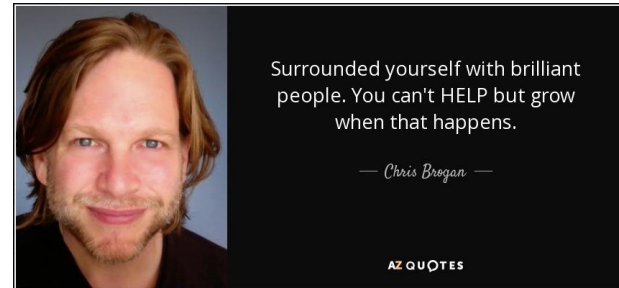
- Research the market – know your competitors
- Provide a high quality experience continuous improvement (Kaizan) is imperative
- Develop customer loyalty work on those bad experiences make them a positive
- Role of social media in spreading bad experiences





# Future proof workforce

- Strategic workforce planning SWP – match resources with business objectives - strategy
- Training
  - Importance of regular interventions to keep up to date
  - Training levy
- Help from Universities
  - Projects (UG and MBA)
  - Research
  - Placements
- Reduce risk by having proper employment contracts – HR Consultants – references
- Supporting employees through covid-19 improve employee engagement – Furlough scheme.






# Future proof IT

- People
  - Training
  - Access
- Process
  - Documented procedures
  - Security
  - GDPR
  - Contingency
- Technology
  - Keep up to date - cloud
  - Use encryption
  - Use firewalls
  - Monitor activity logs and audit trails





# Future proof cash & capital 1

- Working capital management – try and use other peoples money - Liddle
- Adopt a parsimonious approach 
- Don't hold unused assets
- Be careful in making commitments  
employees, leases, HP, supplier contracts
- Outsourcing to solve capacity issues
- Seek alternative (temporary) income streams
- Work on budgets, risk register and insurance



# Future proof cash capital 2

- Match finance with investment – do not use short term finance for long term investment
- Only borrow to finance assets – interest is low but exposure to rate rises if tempted to increase gearing and it has to be repaid
- Discuss finance requirements with your accountant and financial advisor – most CAs provide a finance director/corporate finance service
- Be careful about giving equity away
- Treat crowd funding carefully





# Future proof cash capital 3

## UK Government Covid-19 Support:

- Coronavirus future fund £125k to £5m
- Flexible furlough from 1 under revised CJRS
- New support finding tool for businesses
- Tax-free childcare during coronavirus
- Extension to self-employment income support scheme
- COVID-19 annual leave carry over 4 weeks and temp holiday policy
- Bounce back loan scheme 100% government guarantee  
2.5% interest from £2,000 to £50,000 – 6 years



# Future proof tax 1/2

- Regular meeting with your accountant – make sure he/she knows your plans.
- Build tax implications into all your budgets and forecasts
- Meet all deadlines and comply with all relevant legislation – avoid penalties!
- Be aware of impact of potential changes eg making tax digital (MTD) – BREXIT
- Know and use all relevant tax incentives and reliefs – get refund claims in quickly





# Future proof tax 2/2

- Patent box profits 10% tax being restricted
- Enhanced relief (230%) on qualifying R&D expenditure for SMEs.
- SMEs R&D tax credits (14.5%) on surrenderable losses.
- Enhanced capital allowances 100% on new energy and water saving plant and machinery (green technologies)
- R&D expenditure credit -13%



# Future proof yourself 1/2

- Executive development
- Thinking time
- Research
- Networking



- Be healthy and fit. 4 pillars of good health:  
sleep, eat, move, rest.
- Use a mentor





# The new normal business

- Importance of continuous improvement kaizan
- Lean and flexible
- Home working
- Ability and willingness to change
- Focus on growth
- Education and development
- Comfortable with IT
- The second curve – Charles Handy
- Warren Buffet's view - simplicity





# Thank you

If you have any questions about the session or anything please do not hesitate to contact us:

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To follow:

