

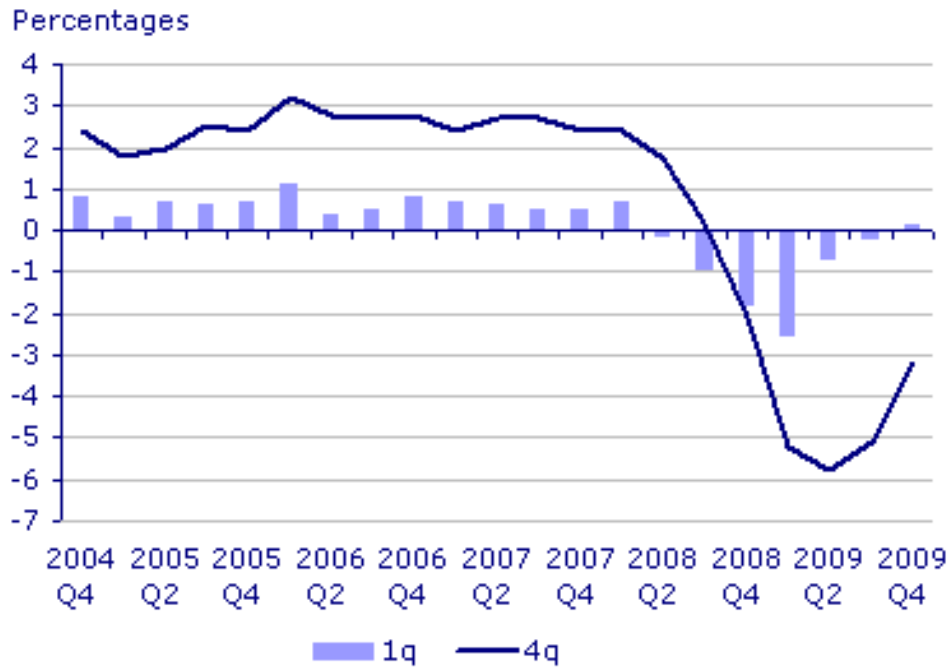
Looking at the external market dynamics to help your business survive the recession and become more competitive

30 January 2010

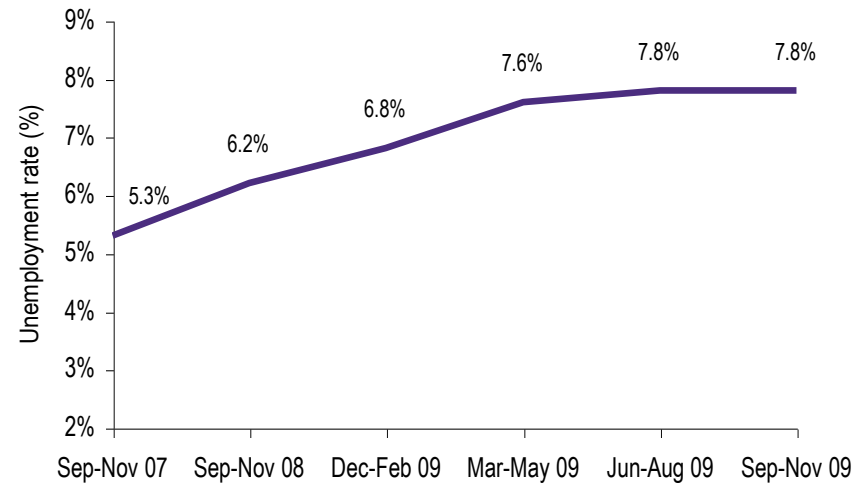
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# UK market

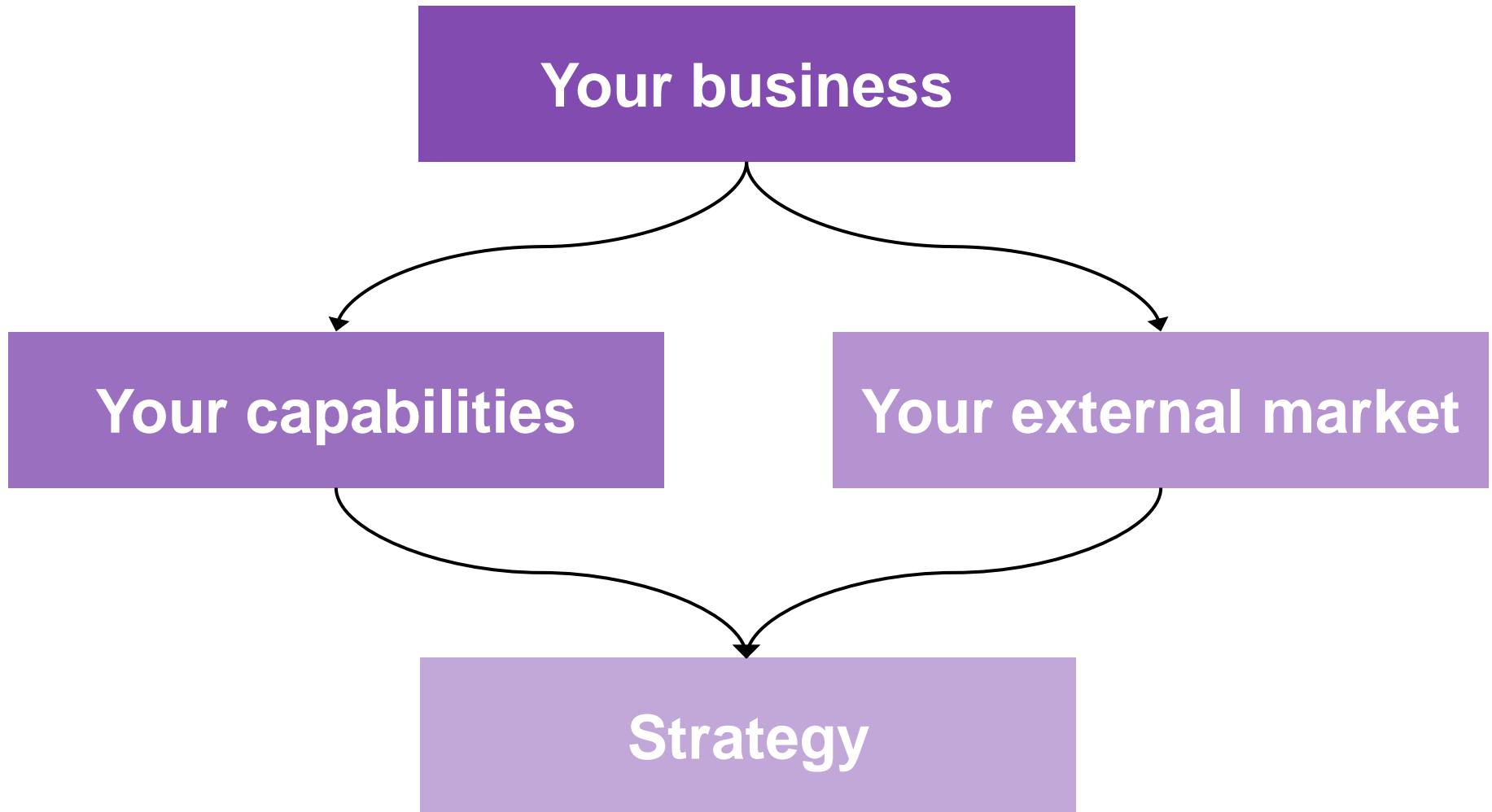
## GDP growth, Q4 04-Q4 09



## Unemployment rate, Sep-Nov 07-Sep-Nov 09



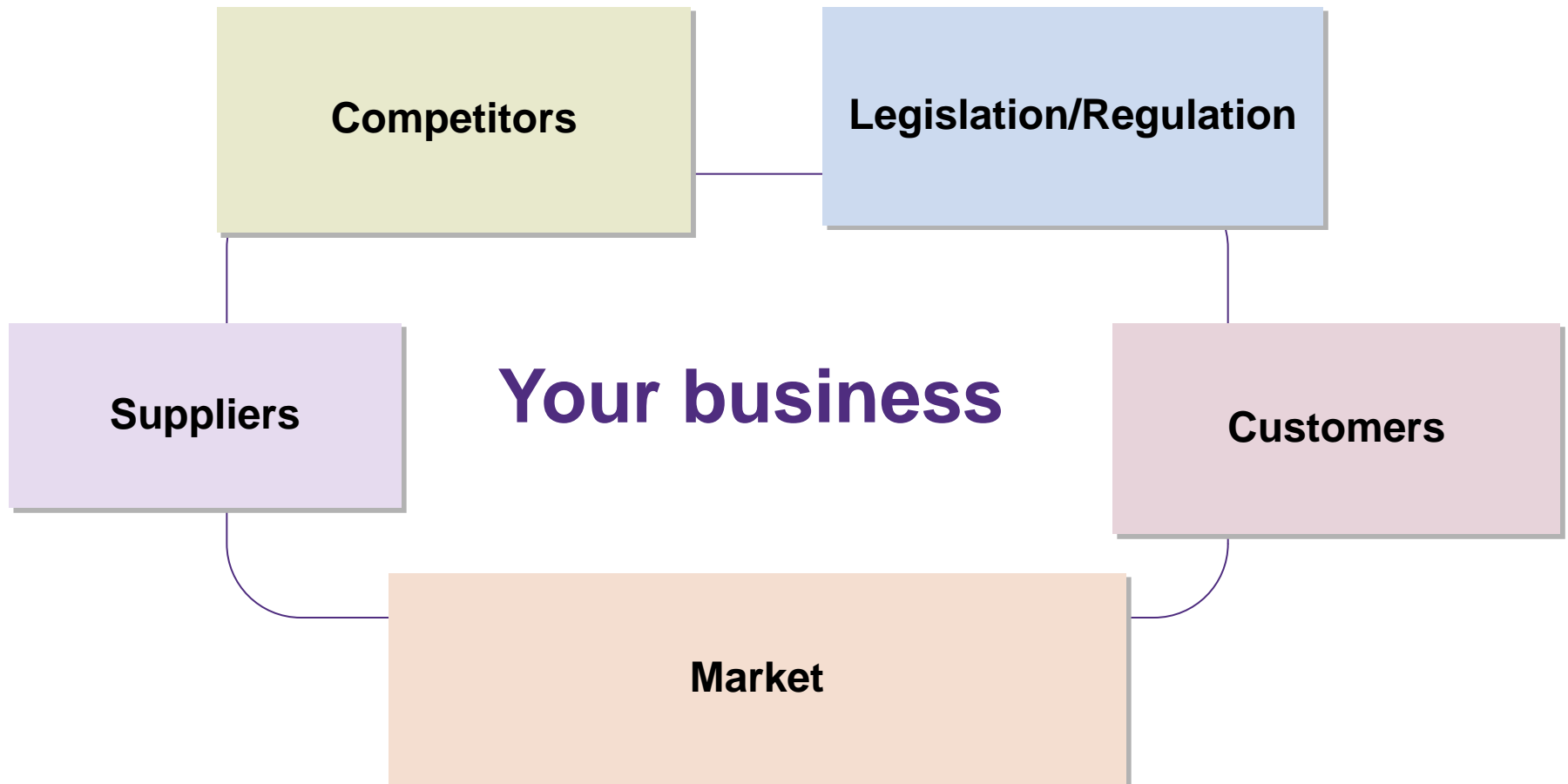
# Understand your business



# Companies are driven to look at the market as commercial due diligence is essential for success

- Uncertain and rapidly changing environment
- Understand and anticipate market dynamics
- Scenario analysis to expose risks and opportunities
- Anticipate competitors' strategic moves
- Consumer profiling and referencing to understand how the current economic conditions have impacted consumer behaviour and whether these changes are likely to persist once the economy recovers

# What is happening in the market?



# Why is it important?

## Case study : Project Shoe

### The engagement

- Commercial review on a large sports wear manufacturer
- The manufacturer's financial performance was well below expectations and we had been asked to conduct a commercial due diligence to determine why this was the case

### What we did - The key aspects of the support provided were to:

- Understand the cause of the financial underperformance, providing comfort to the bank that it was recession led rather than any long-term competitive/market/customer issues
- Localise the issue through competitive benchmarking and other analysis, determine if it was caused by a short term recession impact or a longer term corporate strategy flaw
- Identify the key areas where revenue loss and understand if this could be turned around
- Outline areas for a potential turnaround, ranging from a re-development of corporate strategy, adapting the business model or a potential exit strategy from one of their markets

### Key outcomes and benefits

- Identified key areas which were negatively affecting the profitability of the company, such as branding and distribution strategy
- Using our findings and projections we recommended the company was able to realign their distribution strategy to address market positioning and also re-calculate the potential short-term loan requirements from the bank as well as change

# Why is it important?

## Case study : Project Elba

### The engagement

- In October 2009, Grant Thornton advised on the restructuring for one of the world's largest chain of hotels

### What we did

- CDD on the 9 hotels and 6 markets through desktop and primary research
- Assessed the tourism markets at the 6 countries, focusing on the dynamics of leisure and business tourism and how that could evolve in the next 4 years
- Identified the key growth drivers and risks, conducted an external review of the market place to get an understanding driver performance in the future and impact on the client
- Mystery shopping, benchmarked the hotel against key competitors, assessed branding, collated customer feedback to and identified growth and stagnant markets

### Key outcomes and benefits

- Which hotels were doing well and which were not
- Was it purely due to the recession or if there were fundamental problems with the hotel (poor operation, strong competition, declining popularity as a tourist destination etc)
- Give comfort to the client on likely performance in the next few years, what were the key issues that needed to be addressed and any upside potential

# Why is it important?

## Case study

### The context

- In December 2009, Grant Thornton advised a injection moulding company on how to increase sales. The company supplied the automotive market and had experienced strong decline in turnover due to the recession

### What we did

- We moderated workshops to allow the client to focus resources on the most appropriate strategy to increase sales (combination of existing and new products and customers)
- The team tested management's view on (non)-attractiveness of other markets by doing a high-level analysis of growth drivers, growth forecasts, competitive intensity
- The client requested us to assess the medical device market which the management considered as a potentially interesting market to enter
- The analysis involved market sizing, analysis of barriers to entry, analysis of legislation, competition and prioritisation of applications that best suited the client's capabilities

### Key outcomes and benefits

- The client understood that it had no real USPs vs. competition
- The client acknowledged that the medical device market could provide an alternative to declining markets such as automotive, but barriers to entry were high
- The team was able to guide the client's thought process and train the client on the processes to use in customer profitability analysis or steps in identifying new markets

# Questions?

