

“The Financial als strategisch partner van het management”

“Financials Only Live! 2003

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Subjects to discuss

- Development of the financial position
- Understanding of strategic management process
- Knowledge beyond business insights
- Business Intelligence
- Introduction of Competitive intelligence as management discipline
- Importance of Knowledge management and Competitive Intelligence as intangible aspects
- Cases : OCE, Nokia



Financial as strategic business partner....?

- Some statements discussed today:
 - Harmen Peters ->
“De financial moet gaan denken in scenario’s” Vroeger moesten ze cijfertjes op een rij zetten, maar dat kan de automatisering ook. Meerwaarde van de financial ligt in de presentatie van cijfers in scenario’s, een soort effectenrapportages voor het management.
 - Andre de Waal ->
Financial groeit richting business partner?! Nou ik zie daar nog steeds heel weinig van!

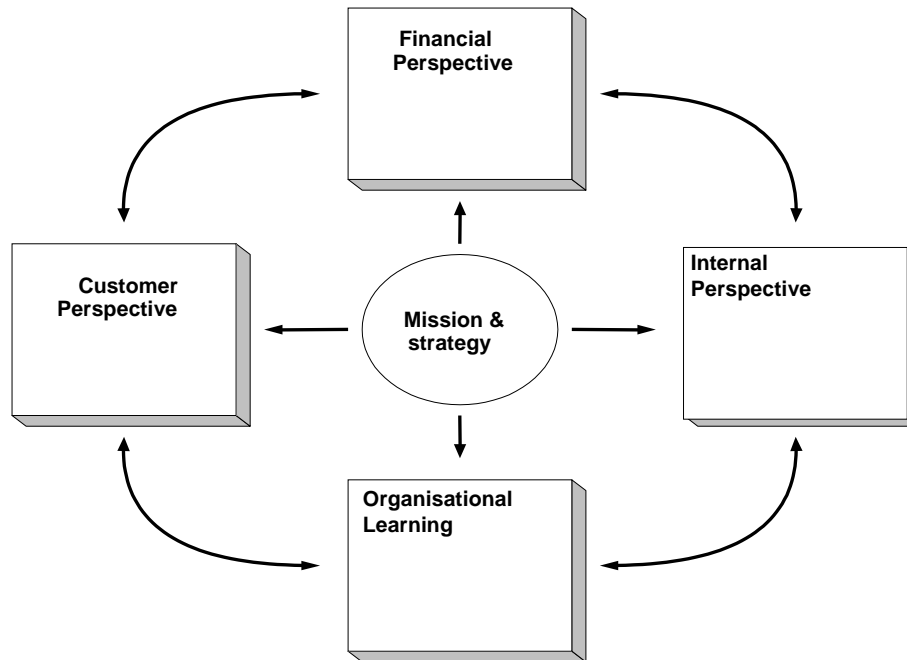
Discussion -> Focus on historical information



- Profit & loss statement
- Balance sheet
- Cash flow analysis
- Ratios in management information
- Business Balanced Scorecard ?
-

- Business Balanced Scorecard ?
- Strategic roadmap
- Scenario planning

Business Balanced Scorecard



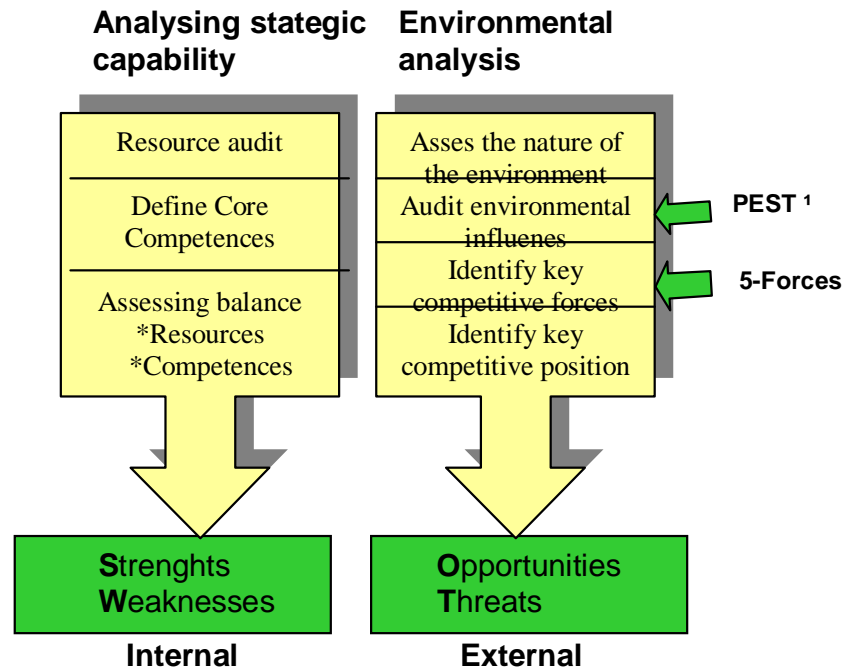
Strategic analysis

As Johnson & Scholes (Exploring Corporate Strategy, 1999) stated:

Strategic analysis is concerned with understanding the strategic position of the organisation in terms of its external environment, internal resources and competence's, and the expectations and influence of stakeholders.



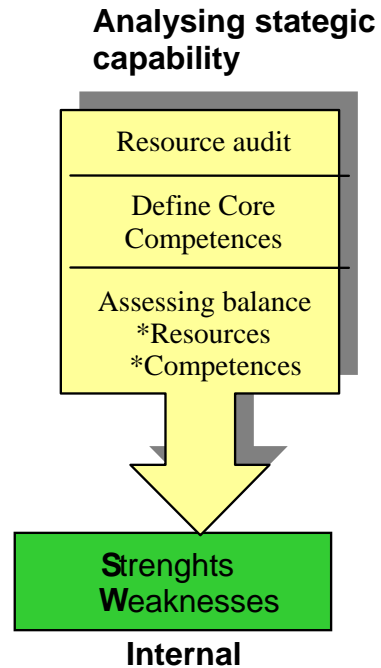
Strategic analysis



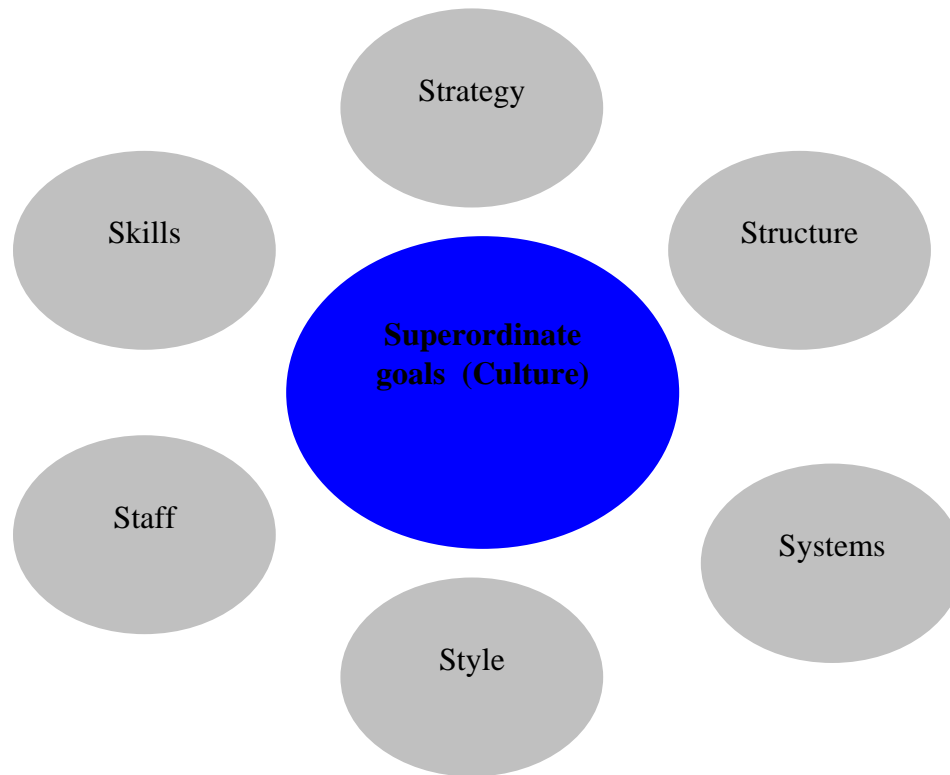
Source: Johnson & Scholes : Exploring Corporate Strategy (1999)

Figure 1: Overview of strategic analysis

Analysing strategic capability

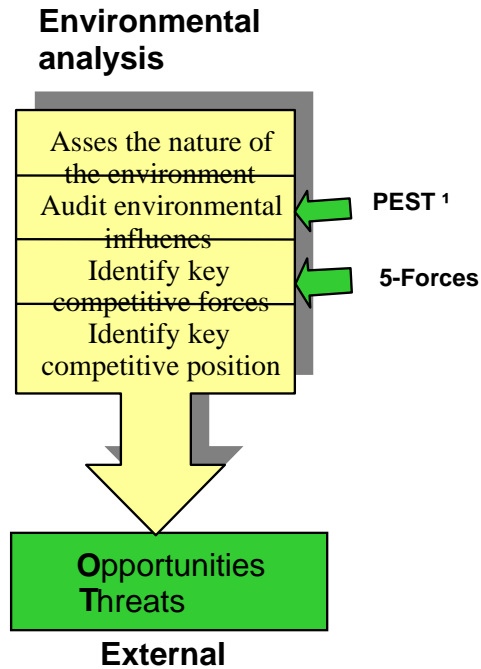


7-S Model



Source: Mc Kinsey 7-S model

Environmental analysis

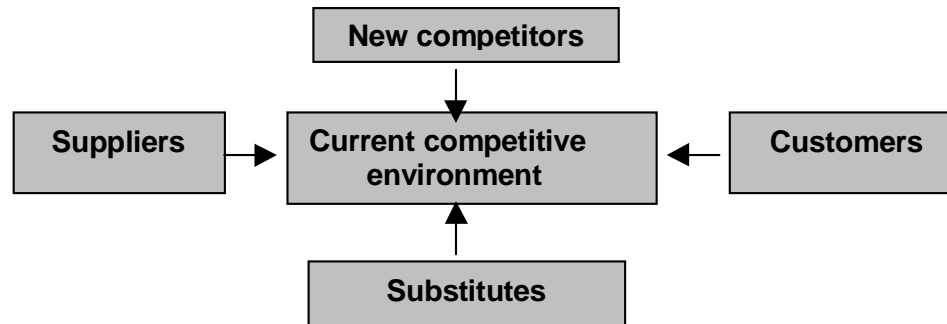


Audit environmental influences

Political/Legal factors		Economic factors	
1	Prohibition of smoking in several places (zero-tolerance)	5	Growing labour costs in manufacturing plants
2	Tobacco legislation or rules within the European Union.		
3			
Socio cultural factors		Technological factors	
7	Declining acceptance of smoking cigars in restaurants and other public places.	10	Development of bobbin production facilities within the industry
8			
9			

Table 1: Pest analysis Agio Cigars

Identify key competitive forces



Source: M.E. Porter, On competition

Figure 2 5-Forces model

Expectation and influence of stakeholders

Power	Level of interest →	
	Low	High
Low	A Minimal effort -	B Keep informed
High	C Keep satisfied	D Key players -Board of directors -Management -Government -Customs -Tax collector's office

Stakeholder analysis



Strategic management isn't like riding in the dark
with dipped headlights.....



As financial you can serve the organisation
with knowledge beyond business insights!

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Business Intelligence

- The goals of business intelligence are:
 - Business intelligence avoids unpleasant surprises
 - It gives support with strategy development and contributes in realising goals
 - Business intelligence makes opportunities and treats transparent
 - It delivers continuous competitive advantages
 - Business intelligence gives a better insight of the activities of the organisation itself.

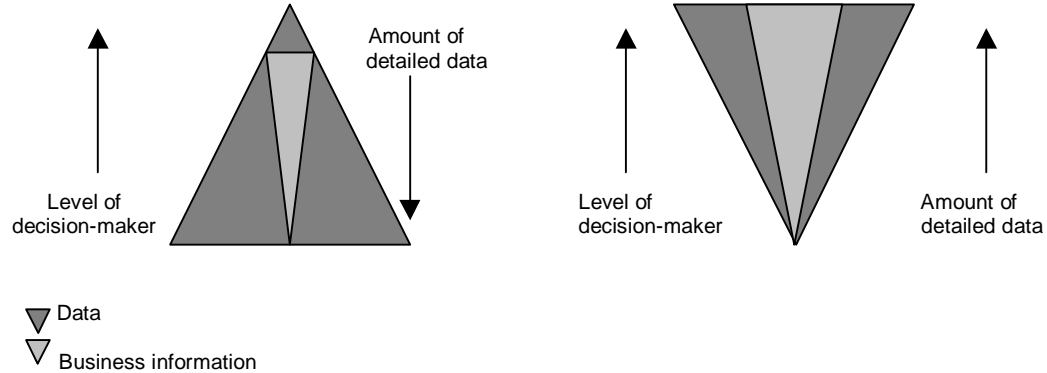
Source: Rodenberg Business& Competitive intelligence (1999)



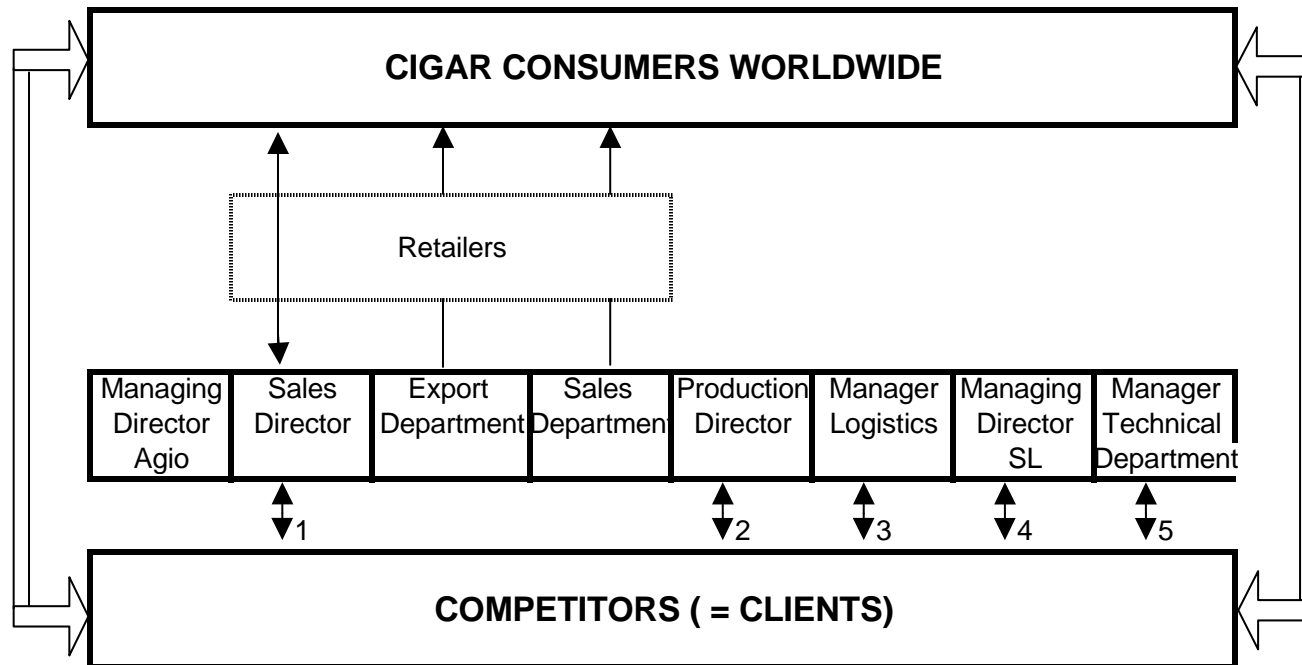
Basic misunderstanding of Business Intelligence (BI)

- A lot of software suppliers promote this intelligence systems from a purely technology point of view.
- As stated in the Financial Times in 1999 it doesn't make much sense to invest enormous amounts of money in the T of IT and neglect the I of Information management.
- Putting the I in IT
 - We can continue to try to manage information by throwing vast amounts of technology at the problem or we can address the human side of information
 - It is humans who add the context, meaning and value that transforms data & information into knowledge and intelligence

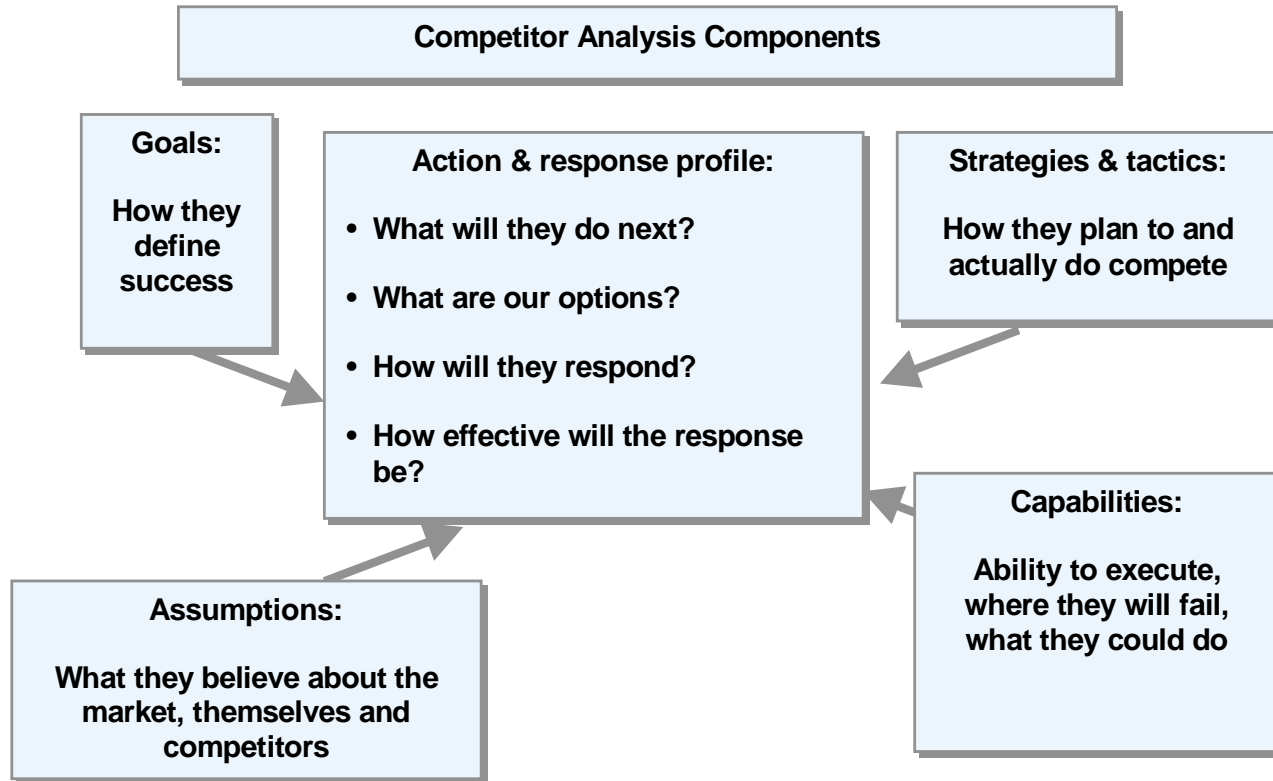
Information pyramid



Customer <> Competitor



Competitive intelligence



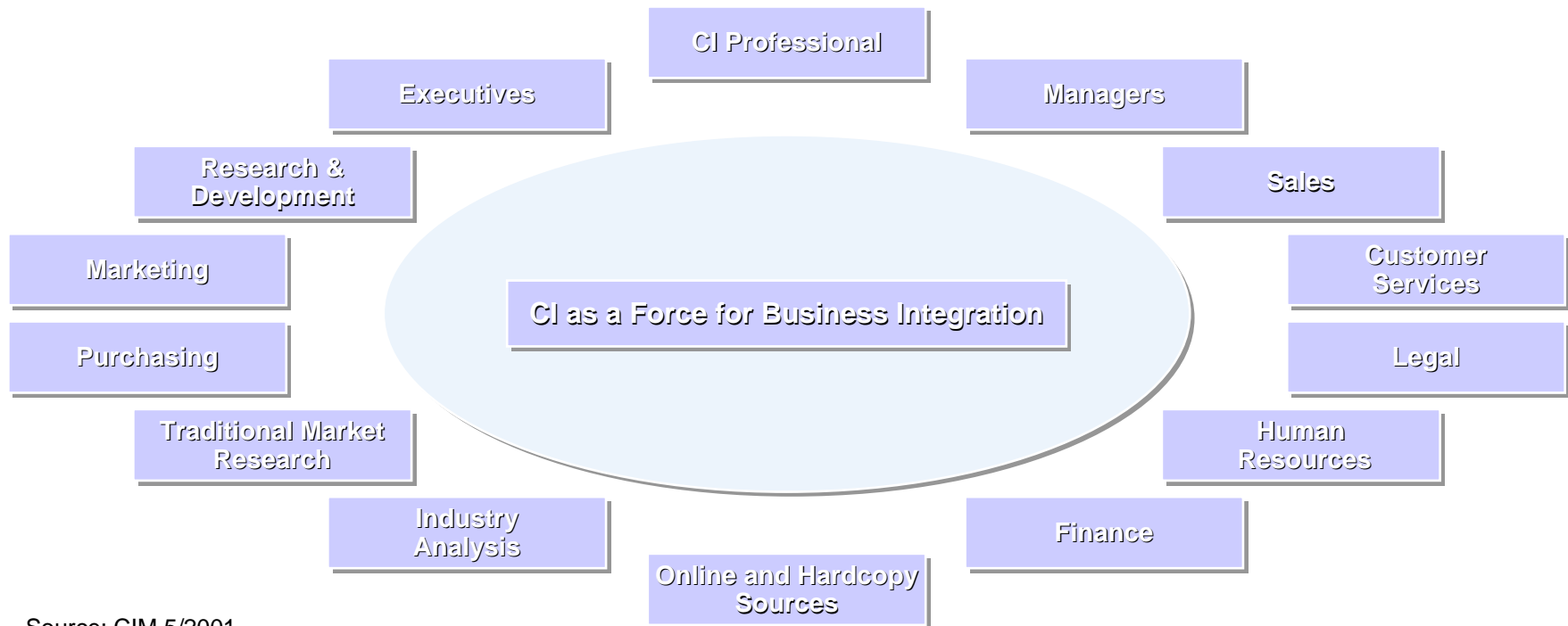
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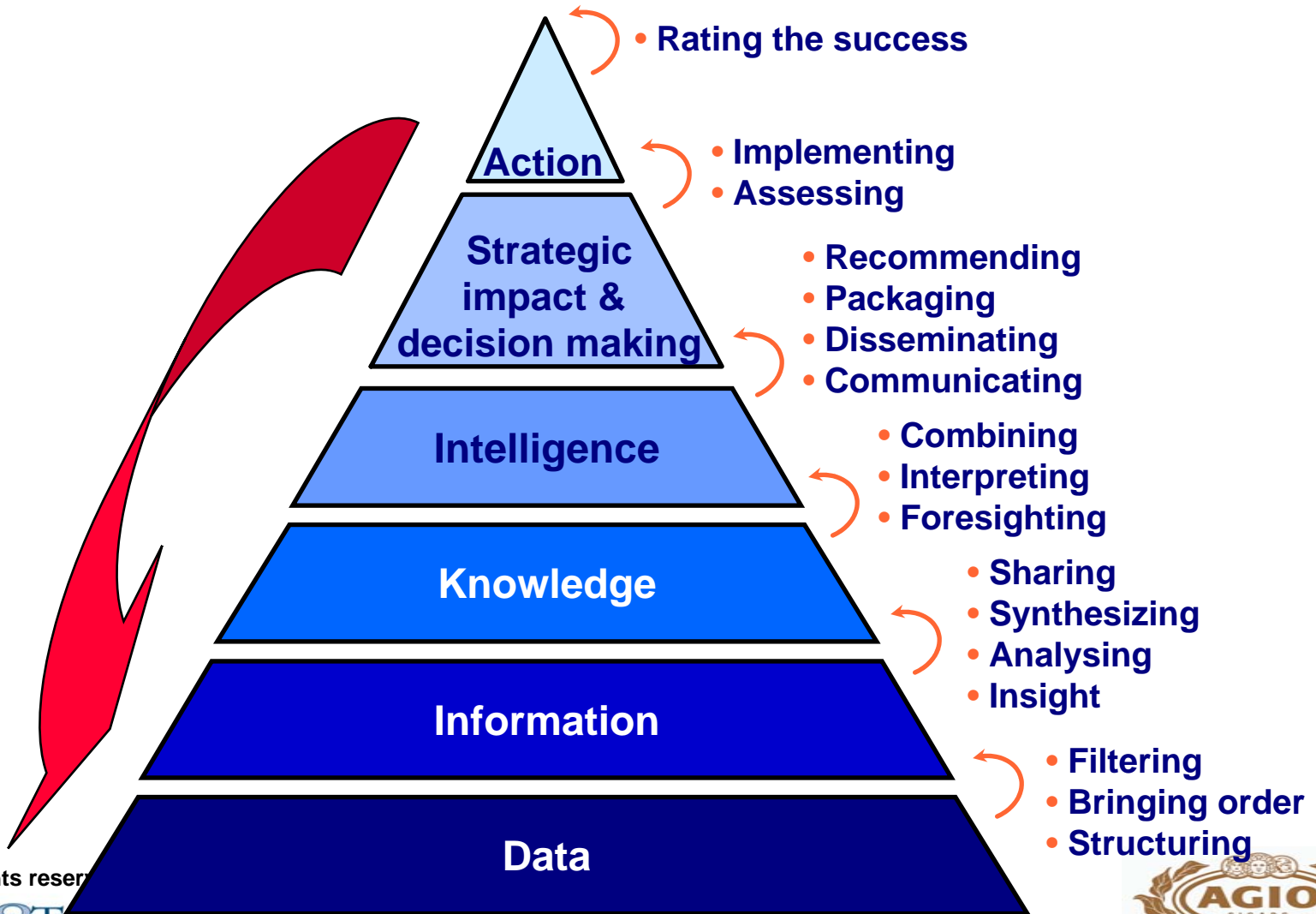
Key players in the competitive intelligence process



Source: CIM 5/2001
Rodenberg Tillman & Associates B.V.

1. Introduction in Competitive Intelligence as Management Discipline.

The intelligence pyramid



OCÉ NEWSPAPER HEADINGS

- TECHNOLOGISCHE REVOLUTIE DWINGT OCÉ TOT SANERING
- OCÉ SCHRAPPT 1000 BANEN
- OCÉ MOET EEN DIGITALE STRATEGIE KOPIËREN
- BETRAPPT!
- OCÉ BELEGGER UIT DROOM ONTWAAKT!
- CONCURRENTIE HAALDE CONCERN UIT VENLO LINKS EN RECHTS IN
- CONCURRENTIE SCHEPT OCÉ VAN ACHTEREN



CASE STUDY OCÉ

“Competition from outside? It can’t be the case. Our technological edge will not be threatened. At Océ we have 35 people at the patents department. They are looking outside. Daily. They will tell us if something is happening on technology.

CEO Mr. J.V.J. Pennings
April 17, 1998 in NRC



FACTS OF OCÉ

- 1994 - 1999 “Love Baby” Fund at the Amsterdam Exchanges
- 1991 - 1998 CEO Mr. Pennings
1998 - 1999 CEO Mr. Hovers
1999 - CEO Mr. Van Yperen
- Week of September 28 - October 1, 1999 positive ‘BUY’ of ING Bank
- October 7, 1999 announcement of restructuring the company
 - 1000 people fired
 - cost of restructuring 55 million



WHAT HAPPENED AT OCÉ?

- surprised by the fast market acceptance of digital copiers
- un-expected turnaround from analog-to-digital (1998 2/1, 1999 1/2)
- superb quality of digital copiers, less maintenance, less service
- fierce competition: Xerox, Canon, Nashua, Ricoh
- Eastman Kodak: introduction of the first digital printer

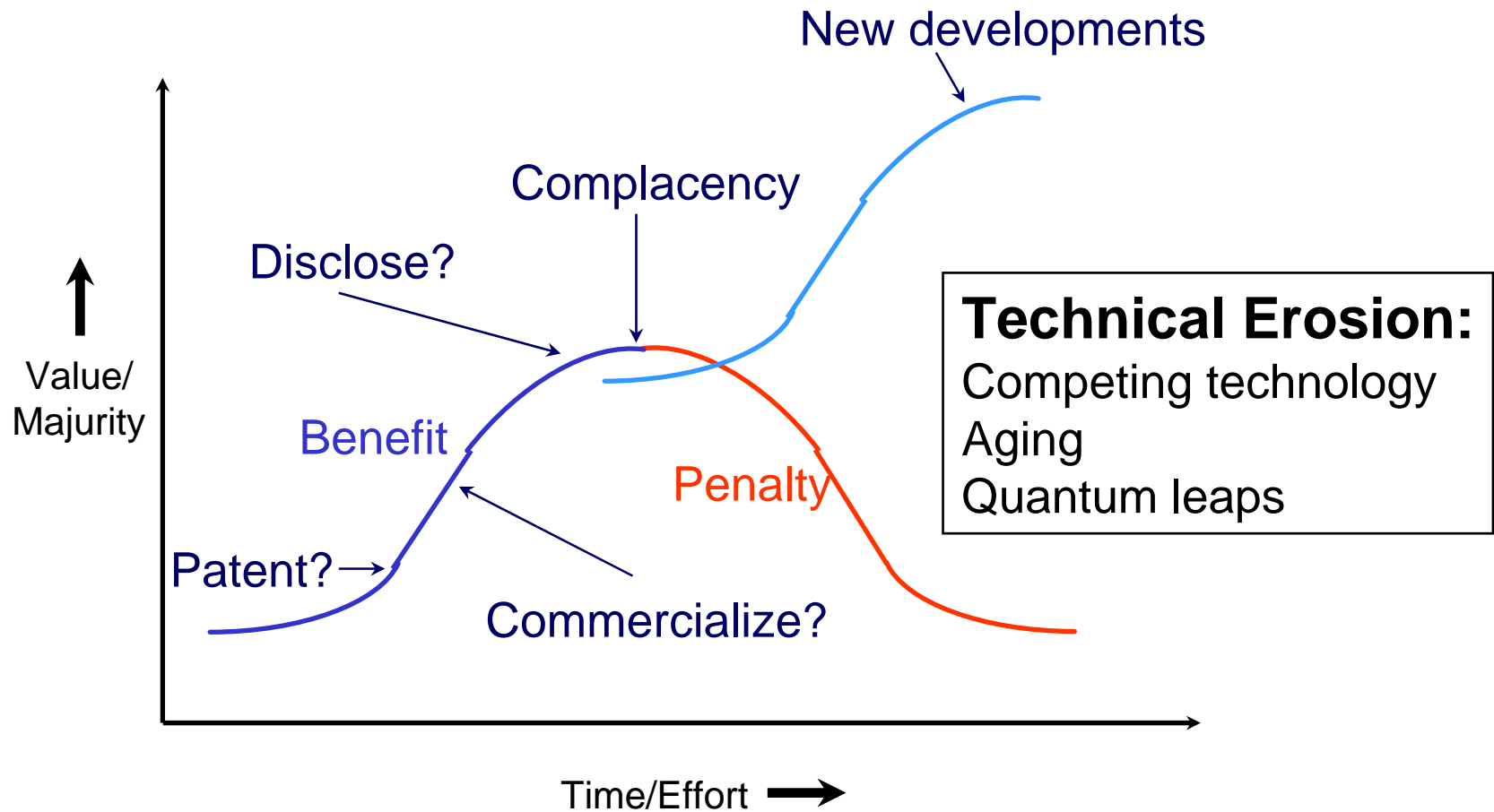


HOW TO JUDGE THIS?

- over-selfconfident on their own successes
- blindspots concerning the single-product focus instead of the network concept (software)
- blindspots of not taking competition seriously
- complacency in general
- acquisition candidate (26.10.99)



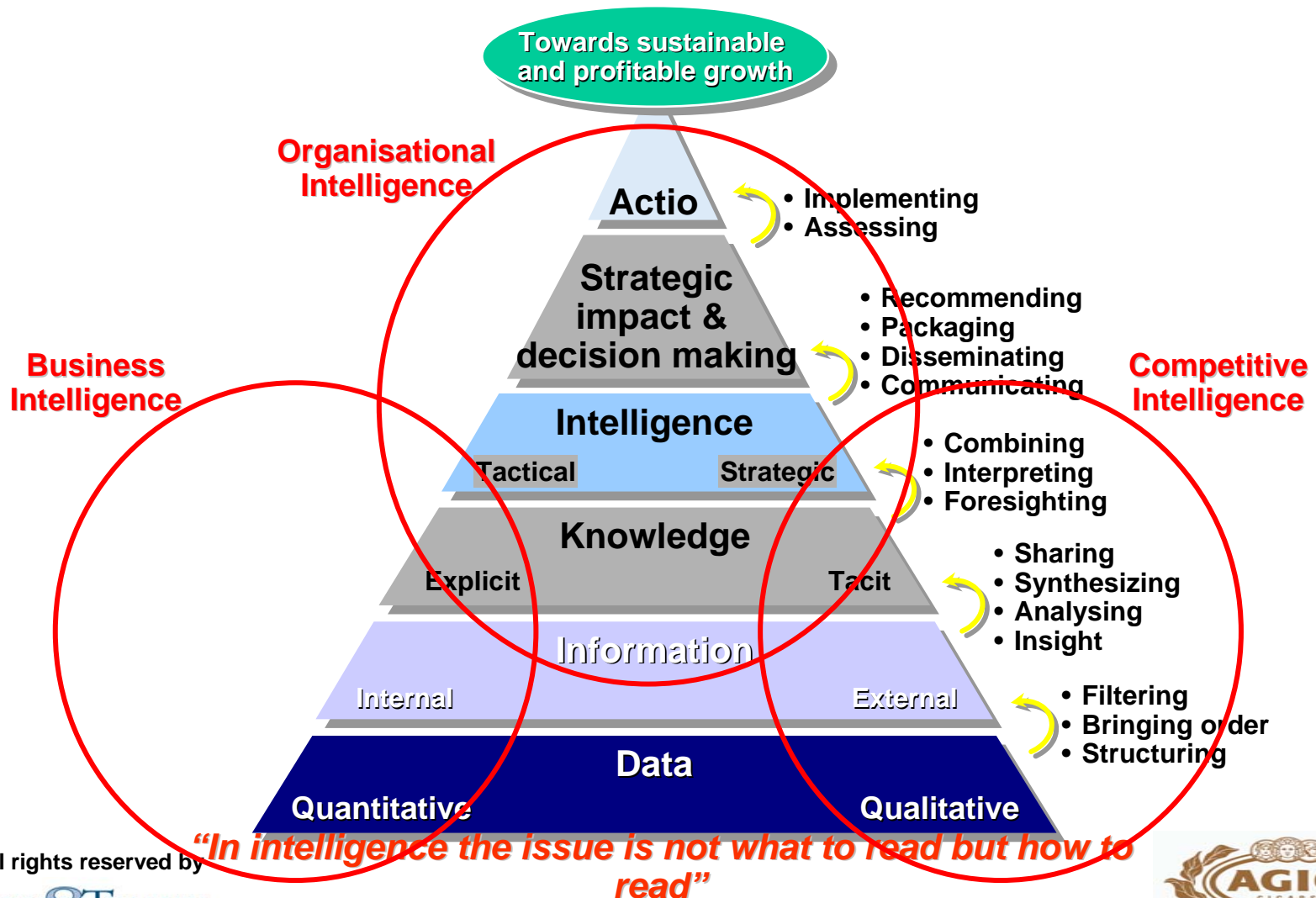
TECHNOLOGY LIFE CYCLES



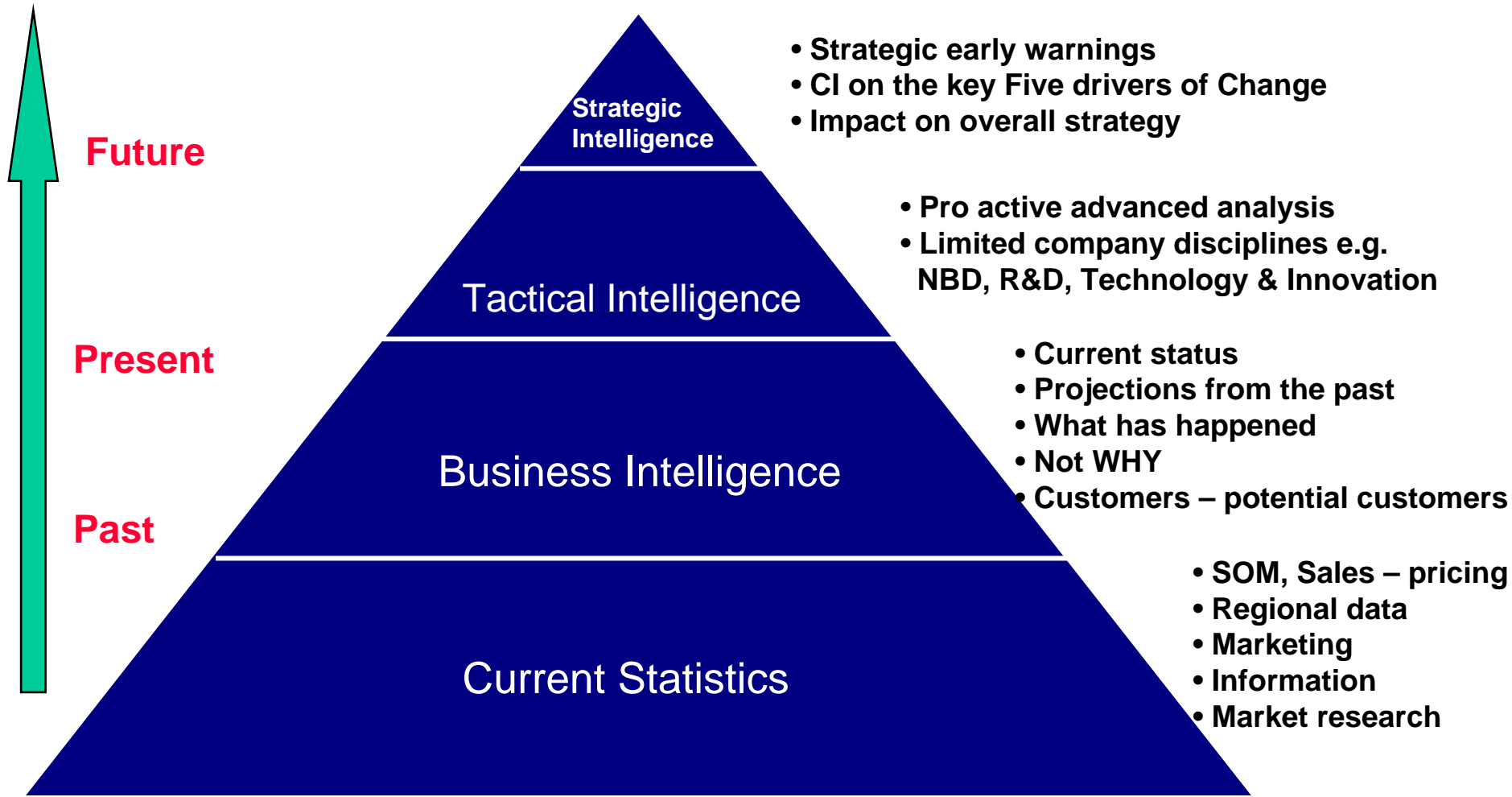
MY PERSONAL MESSAGE

- A competitive intelligence function would have cost the Océ company about 0,5 million euro yearround
- The competitive intelligence discipline can avoid that a company will be part of the next round of restructuring, re-organization or re-engineering

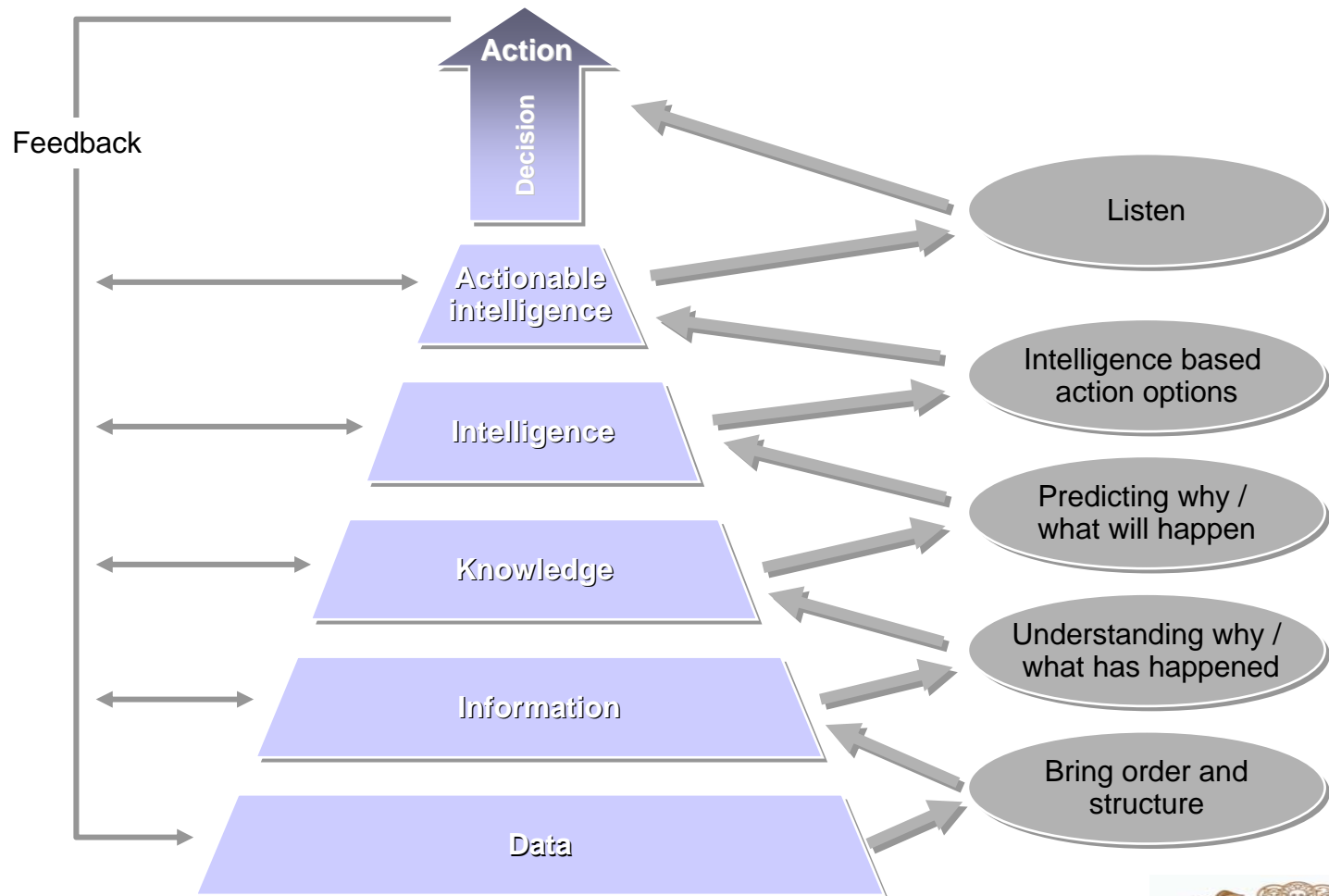
“Enterprise Intelligence, creating the intelligent and alert organisation”



The Aim of Intelligence is to reduce risk and uncertainties



Recommended Achievements of the CI efforts



Business is changing

- Internationalisation
- Liberalisation
- Co-operations
- New technologies
- etc. 
-
-
-

Increased competition and complexity



Without intelligence

Important changes:

- markets/segments
- customers
- competitors
- technologies
- etc.....



Reaction



With Intelligence

Important changes:

- markets/segments
- customers
- competitors
- technologies
- etc.....



Time

- information gathering & analyses
- strategic-operational impact



Action

**Re-active
management**



**Pro-active
management**



Competitive Intelligence

*The **analytical process** that transforms disaggregated market, customer, supplier, technical and competitor data and information into **relevant and usable strategic knowledge**.*



The top of the iceberg

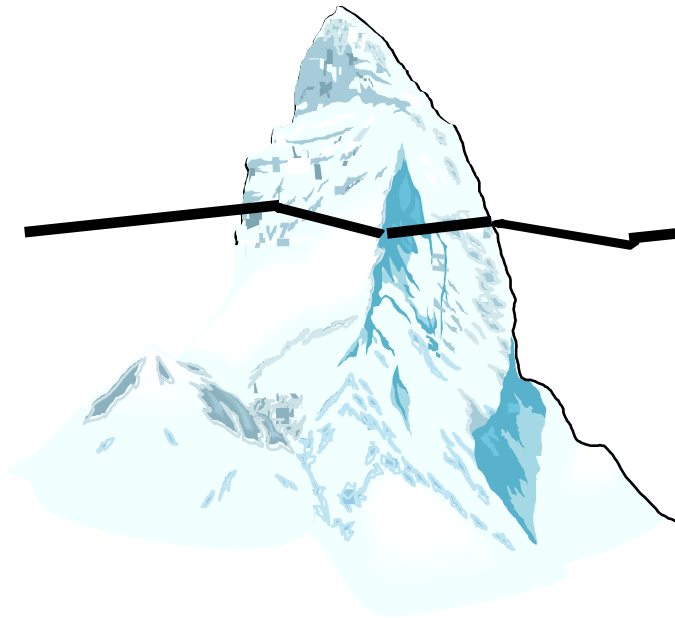
Basic Analysis

Customer needs, market shares, SWOT



Extended analysis

Market developments, competitors, suppliers etc.



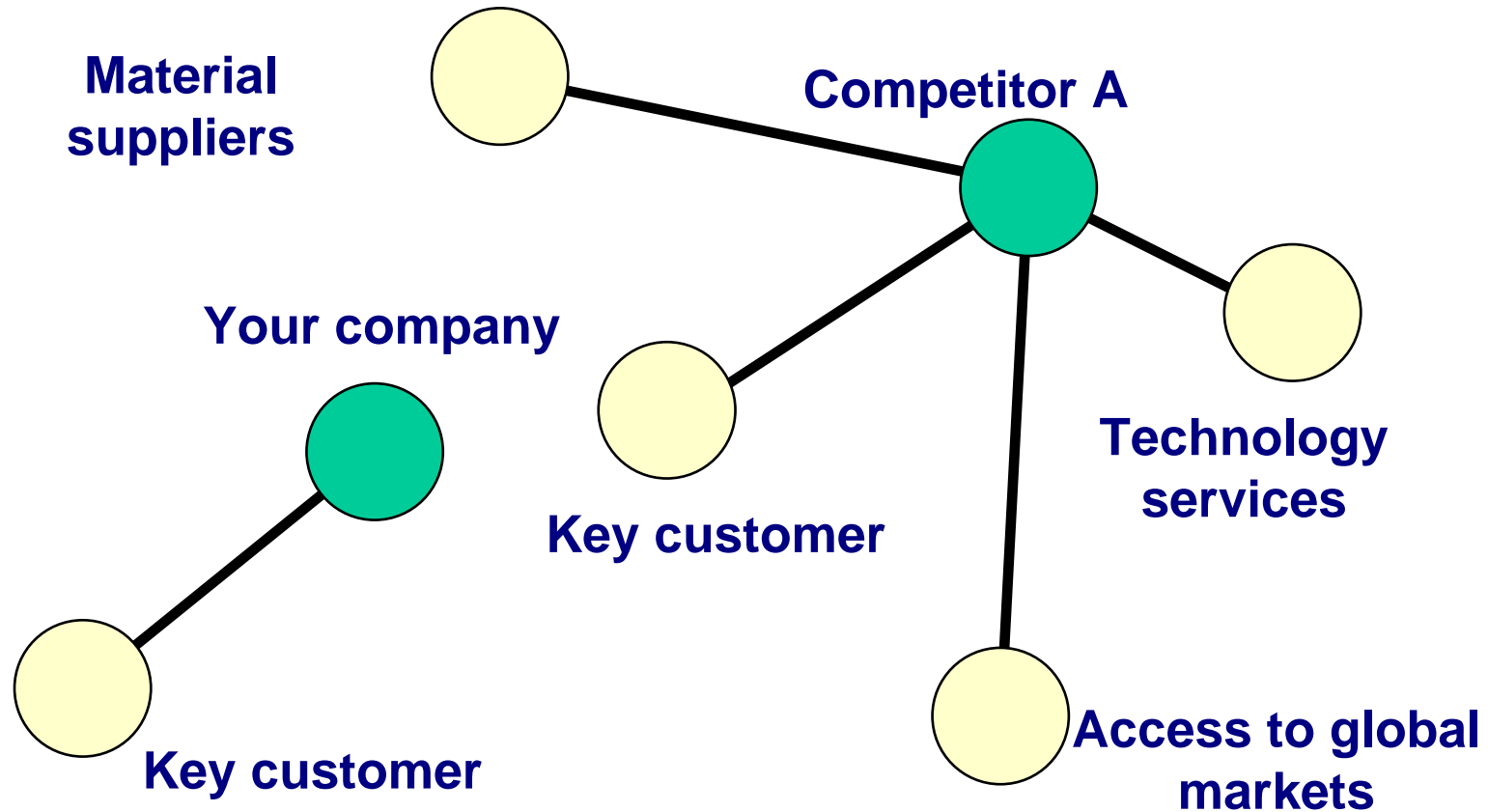
Industry Watch

Business development, innovations, core capabilities & competencies, network relations, strategic intentions. etc.

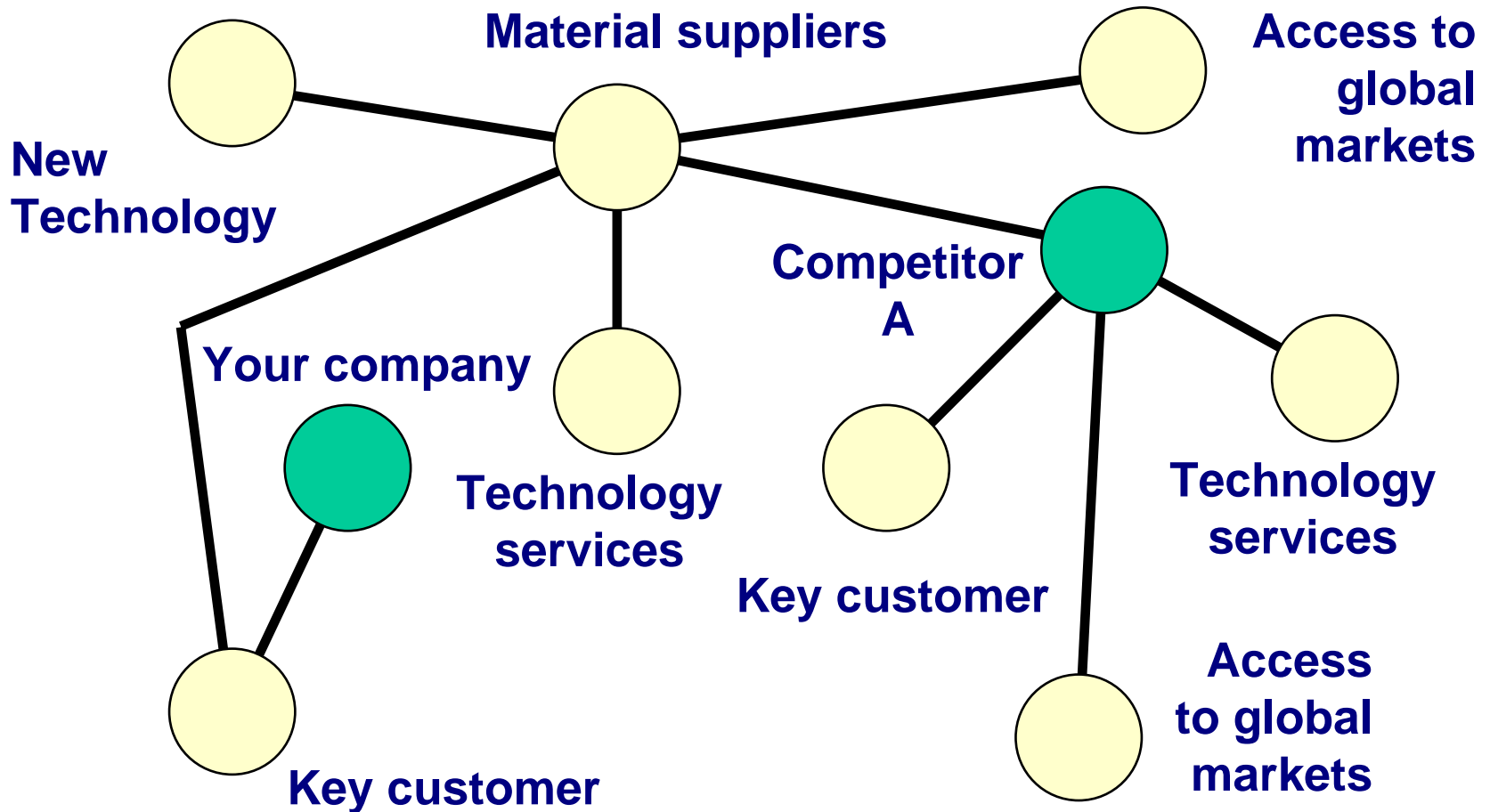
The usual competitor analysis



Competitor Intelligence analysis: Bringing in Relationships

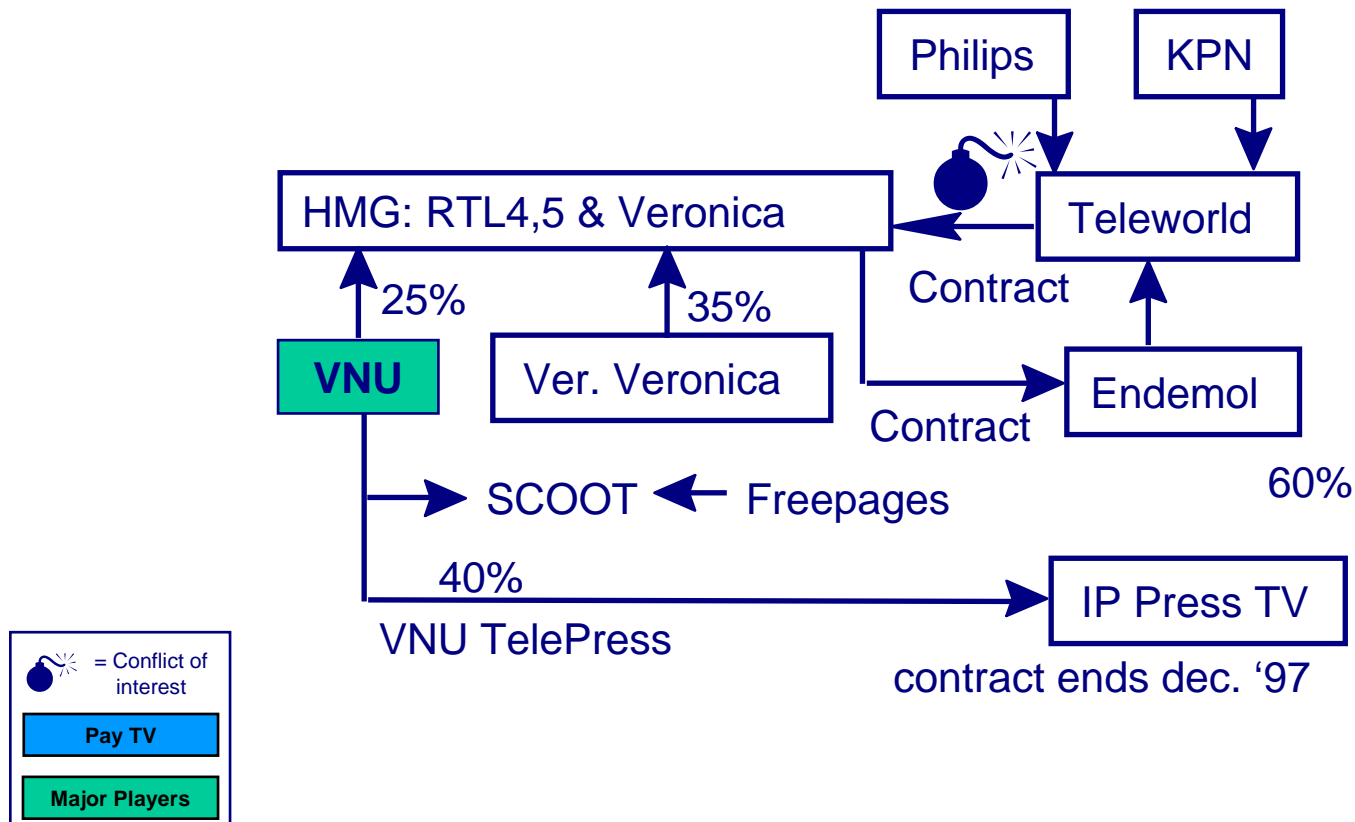


CI analysis: The network perspective



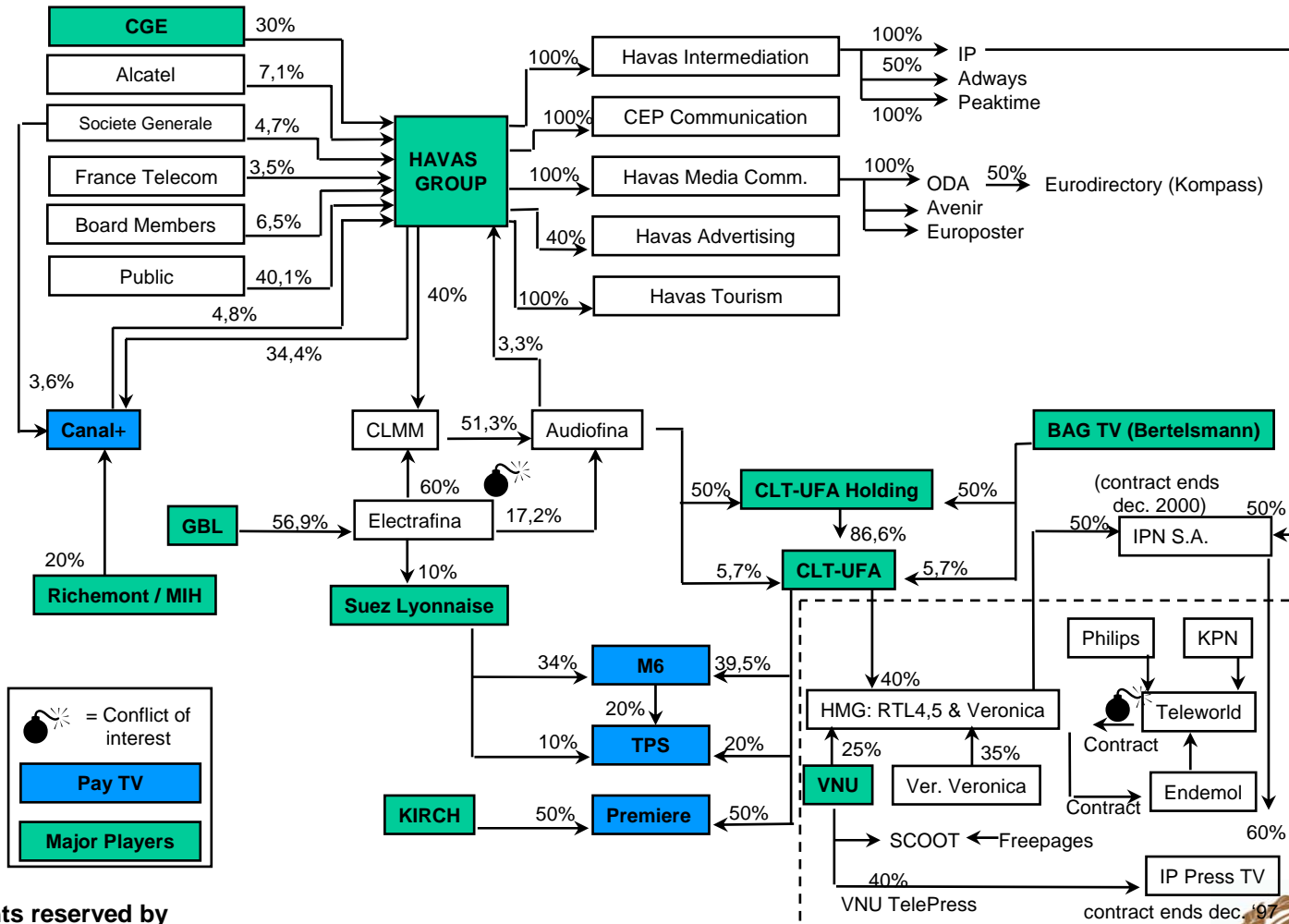
Example of the Network Perspective

multimedia market: Dutch pay-TV and major players



Example of the Network Perspective

multimedia market: all pay-TV and major players



*To be defeated is forgivable,
to be surprised is not.”*

Frederik de Groote



Objectives of Competitive Intelligence

- Support the decision-making process on strategic and operational level
- Gain competitive advantage by decreasing reaction time
- Improve long- and short-term planning
- Real understanding of your market, competitors, suppliers, etc...
- Radar environment: identify threats and opportunities

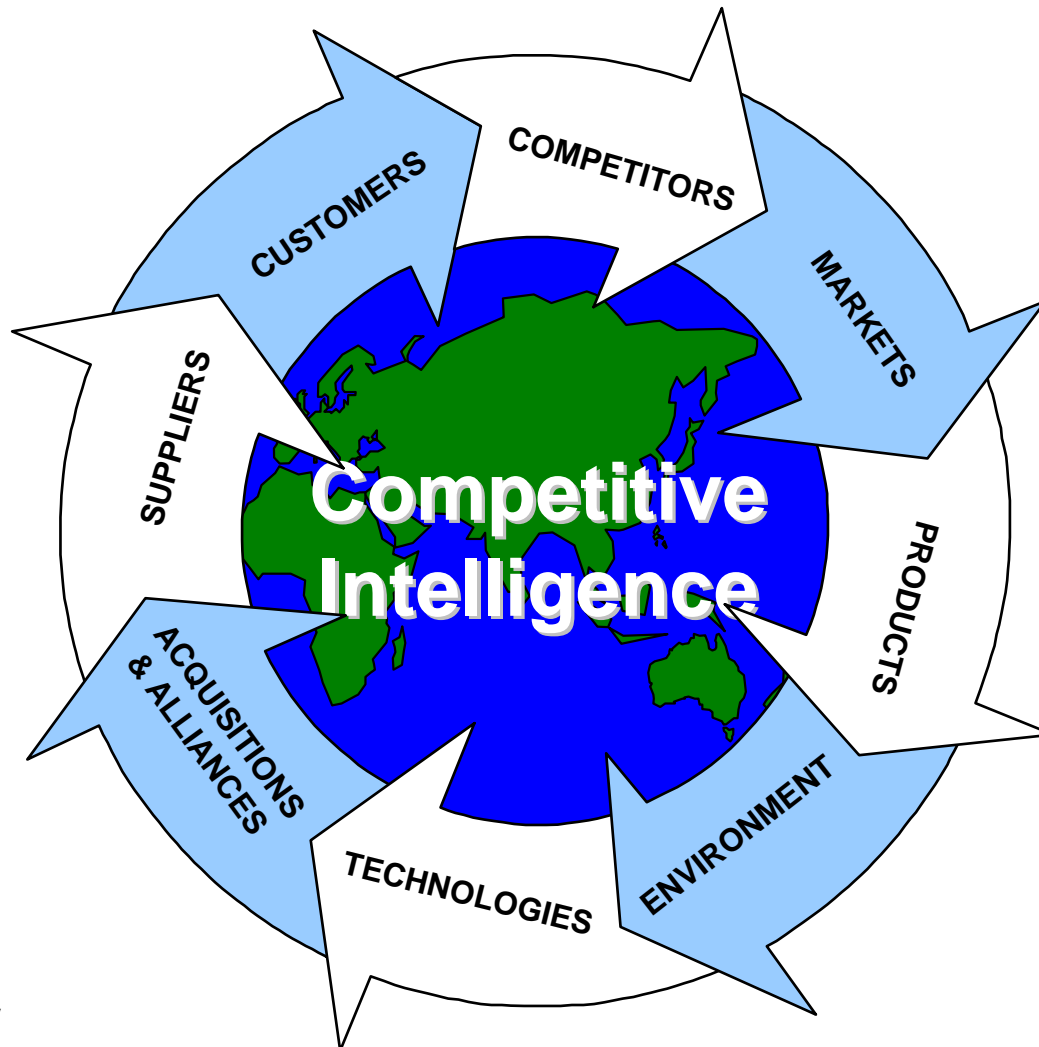
“Anticipate and act versus react and regret”



Characteristics of CI

- Future focused
- Pro-active
- Continuous monitoring
- Direct linked to decision making
- Linked to strategic management
- Perspective in stead of precision
- Qualitative information
- Analysis & interpretation
- Knowledge sharing
- People's business
- External developments translated towards the internal organisation
- Published & non-published information

Types of Competitive Intelligence



From knowledge to intelligence

	Knowledge	Intelligence
Basic resource	Absolute knowledge, finite scope	Inherent intelligence, infinite scope
Target	To accumulate knowledge	To develop intelligence
Timing	About now, today	About the future, tomorrow
Dynamics	Managing, administering, maintaining	Mobilizing, originating, developing, foresighting
Nature	Production factor	Innovation factor
Implementation	Easiest in knowledge-intensive organizations, e.g. R&D	Easiest in multi-product/production, service organizations
Typically involves	Aggregation and dissemination of existing know how Precision Learning while doing	Evaluation, interpretation & analysis, foresighting, future focus & intentions Perspective Learning before, during and after: AAR's

Determinants of an Intelligence Competency

7 elements

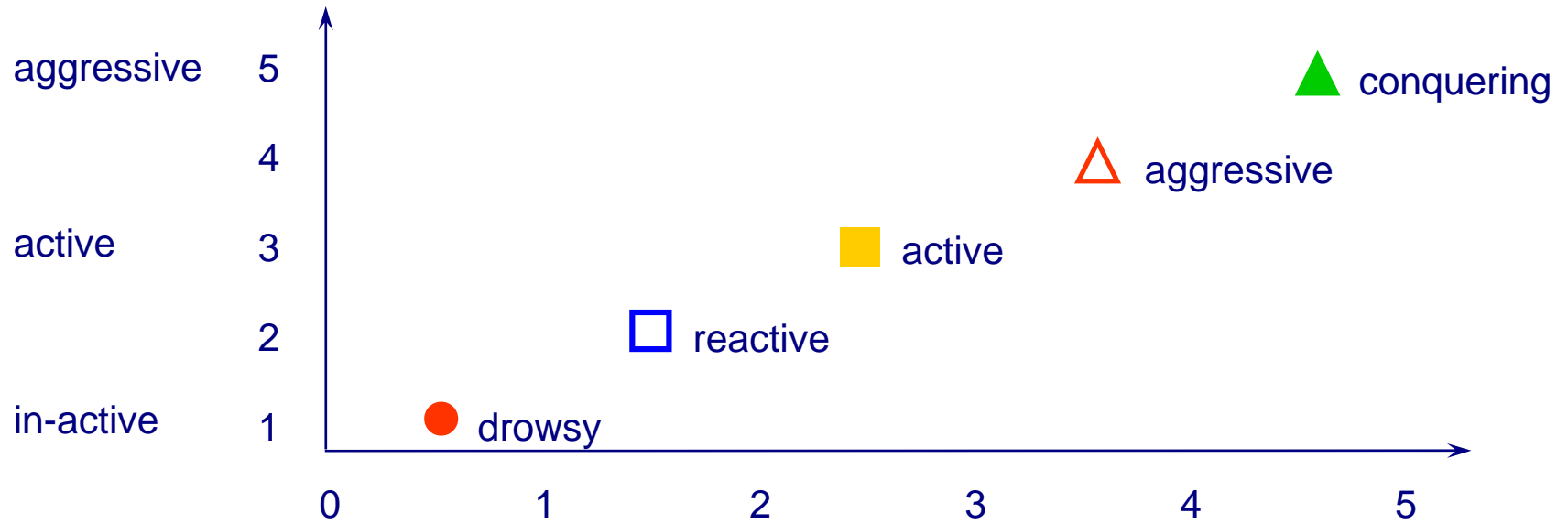
Traditional investments

Competency determinants

people	2%	20%
processes	2%	15%
organisation	2%	10%
culture	1%	20%
leadership	1%	10%
information	10%	15%
technology	<u>82%</u>	<u>10%</u>
	100%	100%



Different Levels of CI Effectiveness



- = no fear of competition
- = re-acting when under attack
- = active but in-efficient
- △ = active in highly competitive markets
- ▲ = consistently pro-active, total picture, ready for battle



You will face actors in your competitive environment which are not even born yet

Three ways to act

1. Companies that **make** things happen
2. Companies that **watch** things happen
3. Companies that **wondered** what happened



Questions



Information and sheets

Sheets available at

www.rodenberg.nl

as from Wednesday December 3th

