

MSB to host From Recession to Renewal Roundtable

Managers must make every effort to update their knowledge and skills to create and deliver strategic value even in changing and uncertain environments. This is the thinking behind the MSB Roundtable 2011, being planned by Mona School of Business, to be held under the theme "From Recession to Renewal".

At this forum, to be held June 16, 2011 at Mona Visitors' Lodge, The University of the West Indies, senior leaders in the CARICOM region will engage international experts in dialogue on how to choose strategies, restructure and enable organizations to exploit opportunities arising from the new economy in the aftermath of the global recession.

As calendar year 2010 nears the end, just over a half of the companies listed on Jamaica Stock Exchange have reported profit decline relative to last year. Economic recession continues to wreak havoc on the operations of firms, across the spectrum of industries, despite belt-tightening initiatives aimed at improving efficiency.

While most organizational leaders are aware that strategy is a crucial weapon for business success, they are challenged to sustain company profitability in this environment of uncertainty and change. This is a complex matter because effective strategy arises from making correct long-run decisions at the corporate, business and functional levels of the organization.

Choosing strategy

At the corporate level, managers should use various scenarios to decide the portfolios of business units that will generate satisfactory profits within the risk appetite of the firm. Managers

must also be alert and responsive to the need for change. For example, Ciboney Group persisted with its portfolio of resorts despite evidence of a failing trajectory. In contrast, Montego Freeport achieved turnaround by refocusing from hospitality services to real estate.

The issue, at the business level, is how to compete in an atmosphere of intense rivalry and pressures from suppliers, customers, substitute products and new industry players. Where possible, managers are urged to build customer loyalty by offering non-price benefits such as premium quality or convenience for customers. Homelectrix, a retailer of home furnishing, engaged Courts Jamaica in a price war and succumbed eventually in this race to the bottom. On the other hand, Singer Jamaica survived the hostility by offering customers a variety of top brand products at higher price points. Firms in commodity industries need to explore different ways to boost efficiency through combinations of scale, scope, technology and supply.

Functional-level strategies deal with how to acquire and deploy resources in support of a chosen business strategy. The main marketing issue is how to generate profitable demand. For operations, managers must decide the extent of automation and participation in the supply chain. Financial decisions focus on capital structure and asset utilization. Lascelles de Mercado and Company and Industrial Commercial Developments both entered the 1990s as well-diversified and profitable conglomerates but only the former continued along this path of success because it had a lower level of debt to withstand rising interest rates.