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Client Case Insight:
Corporate Strategy Development for a Portfolio of diversified Subsidiaries

A leading high listed technology group in South African, involved in the design, development, manufacture, installation and distribution of telecommunications and other electronic equipment both locally and abroad approached StratNovation for assistance in developing a globalisation strategy for their products.

The most significant opportunity for the group was to grow their revenues and profits through contributions from the subsidiaries falling into the current portfolio of industry sectors within which they had chosen to align themselves to become an internationally positioned organisation.

StratNovation was engaged to develop a global marketing strategy that would help the group into become a global player in ICT convergence products as well as review their subsidiary strategic plans to determine the fit and linkage to their current corporate strategy.

Using the balanced scorecards to develop ambitious strategic objectives and targets that could be cascaded to the subsidiaries locally and internationally alignment within the group as achieved. Subsequently a global corporate strategy for the group's diverse portfolio of 25 companies, which provided strategic direction for the group and its subsidiaries with clearly measurable objectives and targets. Decisions on which companies in the portfolio to diverts were made, considering performance information and the strategic assessment undertaken prior to the workshops that StratNovation facilitated in conjunction with the Group Chief Executive and all group support funding heads and subsidiary Managing Directors.

The project resulted in the acceptance of set of strategic objectives by the executive management team and board, supported by validated strategic research indicaing that the group could grow by pursuing a common direction with the subsidiaries determining their own strategies from the common direction.

The financial results for ensuing year indicated that the group, albeit posting previous commendable results, enjoyed a 21% increase in revenue and 32% increase in operating income over the previous year. Headline earnings per share increased by 45, 5%, while the balance sheet reflected cash and cash equivalents in excess of R520 million. A 34, 9% return on equity was realised.

The end result was sustained growth in the sales over a decade of achieving superior returns to shareholders and building a large cash reserve to make further acquisitions.

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