

Beware the floaters, slashers and dealers

If you've been waiting for a considered, researched exploration of strategic management typologies, this may not be it, but it sure explains a lot. By **Grant Foster**.

There is an old truism that goes along the lines of not confusing talent with a bull market.

For most of this decade up to 2008, individuals of perhaps modest talent have grown businesses, built personal wealth and carved impressive reputations for themselves. But let's face it, the times have been unusually kind. With a detectable pulse and 100 points of ID, it seems bank managers just couldn't say 'no'.

Granny could be easily listed on your stockexchange of choice, provided she came with a good story and a glossy prospectus; a private island hideaway was a real possibility if she had online potential.

Consumers played their part, accumulating record levels of personal debt to support record levels of consumption, and China even came to the party just so the resources people would not feel left out. And what a party it was.

But as we approach the close of the first decade of the 21st century, it's a new world; at least until we forget about this GFC and do it all again in 20 years' time. Many of the apparent high achievers who prospered pre-GFC are now exposed for what they are: passive observers, unimaginative cost controllers

and get-rich-fast deal-makers. I call them the floaters, slashers and dealers.

Floaters

Regrettably, floaters make up the majority of the population of business executives. In good times they are hard to spot because, as the name suggests, floaters rise on a rising tide. Solid demand, strong company profits and rising stock prices make them appear successful, even strong.

The truth is, floaters don't create success. They just happen to be around when it happens. The classic floater talks a good game, but for the most part they do very little under their own power.

On the odd occasion that they make a strategic decision, even if it is the wrong one, the rising tide lifts them clear of disaster. Life is good for the floater and for the companies they run... as long as the tide never turns. Problem is, tides always turn, leaving the floater exposed, either paralysed by fear or, worse still, buoyed by earlier successes, tempted to make bold, though uninformed, unwise and sometimes catastrophic decisions.



Slashers

Slashers are a very different breed. While the floater is essentially timid, the slasher is determined to beat an organisation into shape. To the slasher, every organisation is sloppy and wasteful; their predecessors were too soft, their workers too pampered, their factories too inefficient.

When Harvard academic Michael Porter declared that operational effectiveness was not a strategy, the slashers had already cancelled the business magazine subscriptions, so they didn't get the message.

Slashers see revenue as an inelastic line on the P&L and have no confidence in anyone's ability to grow it.

They are largely devoid of imagination and the entrepreneurial spirit is completely lost on them. The thought of investing and risking capital to generate incremental revenue takes them so far out of their comfort zone that such opportunities pass by, those proposing new ventures give up and leave, and the slasher looks ever-deeper, ever-inwards, cost cutting their way to unreachable success.

In late 2009, we know the dire predictions of a total collapse of the free economy were somewhat premature. But, all that slashing of new product

marketing budget or reduce the service headcount. Growth through acquisition is the name of the game.

The problem with dealers is that the sound of popping champagne corks is their signal that the job is done. Integration, consolidation, crossselling, merging brands... all so tedious. It's time to move on to another deal.

Hope lies in the builders

The good news is that we have a fourth typology: the builders. Builders are committed to creating value in their product and service markets rather than simply engineering it in the financial markets. They pursue customers and revenue, they build brands and reputations, lead people and build businesses that stand the test of time.

For builders, keeping the chair warm is not an option. It goes against everything they stand for. They know when to cut costs and do so when necessary. They know how to do a deal and what makes a good one, but pursue it as part of a long-term strategy.

The thing that makes builders stand out from the rest is that they inevitably create market-based strategies and devote their skills, attention, resources

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development, staff training and marketing has left some companies a little too lean and frail. Now that it might be time to pull back the shutters and prepare for the future, investors and analysts will once again be expecting top-line growth.

How will that be achieved? Don't ask the slasher, they have no idea; but perhaps they could have another look at the mobile phone bills.

Dealers

You've got to love the CEO dealers. Responsible for leading their organisations, they have ensured that neither their minds or diaries are cluttered by the trivial issues of running a business.

They don't waste time talking to staff or customers. Business is about doing the next deal; all that organic growth nonsense is too hard and too slow. CEO dealers live in the financial markets, their undivided attention directed at the analysts and brokers who are the means to become (more) famous and wealthy.

One sure-fire way to identify a dealer is the presence of an accompanying COO whose principal role is to free the CEO of the irritating business of business. Another sign is the forming of an acquisitions team, euphemistically named the Business Development Group. Not to worry if the business can't afford such a team, just cut the

and effort to building and leading a team to execute that strategy. They are fully engaged in the business of doing business and in doing it well.

Builders such as Gerry Harvey, Anita Roddick, Rob Hunt, Victor Smorgon, Janine Ellis, Shai Agassi, Bill Gates, Sarah-Jane Clarke, Heidi Middleton are prime examples. Some young, some old, some famous, most not.

As the threat of economic meltdown recedes, it is only the builders who can provide the quality of leadership we need in business. The thing is, we need more of them. **VI**

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