

“By failing to prepare, you are preparing to fail.”

Benjamin Franklin

DISASTER! Business Continuity Issues are Most Often Caused from Within...

Genevieve Ford MBA AFAIM, Managing Director—Ithaca Business



Ithaca has, over the years, conducted a number of projects where a client has requested a Disaster Recovery Plan.

When asking for this the client is typically talking about—and thinking about—all those things that happen external to the business that are out of their control...fire, flood, labour unrest, storm damage and the like.

Without exception however an objective risk analysis typically shows that, while the impact of these types of events can threaten the existence of the business, the probability of them happening is relatively remote. Sometimes there are particular environmental circumstances that indicate more planning and preparedness needs to be in place to deal with such externally-generated eventualities, but—mostly—a standard response plan will do the trick.

The big risks identified usually fall into a few key areas:

Commercial & Strategic

Typically this addresses the organisation's position in their market.

How much power do they have and how do they negotiate their positions with suppliers and customers as well as place themselves against their competitors. The ability to balance demand and capacity are also core areas of high risk—especially for organisations in growth phases.

The issue here is sometimes a lack of understanding or analysis of their situation and opportunities but, most frequently, it is a lack of forward-thinking plans that link into everyday delivery.

Internal Structure, Process & Systems

Risks to continuity we find in this area generally result from the natural way in which organisations grow. Ad hoc development of structure, process, new product and service creation often leads to gaps in competency, communication and function. Where there are no gaps there is often replication—just as bad in terms of generating positive cash flow and maintaining high levels of productivity.

Processes work across functional—and, today, organisational—boundaries. In many markets it is

value chains that compete with value chains to gain share. Organisations that cannot seamlessly operate internally stand little hope of participating in a sustainable way in these types of markets.

We find that systems frequently are poorly suited to the people and processes they are meant to support—again threatening continuity of the business!

Pathways

Most businesses don't see the internal threats—because they live with them every day, they seem normal. The problem with such threats is that, when they hit, there is no preparedness.

Ithaca has worked with clients facing these type of issues to address and overcome them in a measured and timely fashion. This often means significant change within the business—but, whether you undertake such a project internally or with assistance it is critical you ensure that the pathways are clear, the plan is known and the end result is always measurable.

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Who Was Kondratieff—& Why You Should Know

Synopsis from <http://www.angelfire.com/or/truthfinder/index22.html> accessed 30/04/2007 10:50:37 with commentary by Genevieve Ford

Nikolai Kondratieff was a Russian economist who was sent to the Gulag by Stalin during the 1930s, being executed there in 1938.

Based on a study of capitalist economies over the period 1789—1926 including wages, bank deposits, foreign trade, interest rates and raw material prices, Kondratieff developed a theory of long-wave economic cycles. This theory posits that four distinct phases are identifiable over a 50-year cycle that continuously repeats.

The model begins with a 25-30 year

"upwave" during which prices rise slowly along with new economic expansion. By the end this period, inflation is running very high, setting the stage for a deep recession that jolts the economy.

Eventually, though, prices stabilize and the economy recovers, beginning a period of selective expansion that normally lasts nearly a decade. Referred to as the secondary plateau, expansion persists, giving the impression that "things are like they used to be," but conditions within the economy never reach the dynamic state that occurred during

the upwave.

The secondary plateau ends with a sudden shock (financial panic/stock market crash) and the economy rolls over into the next contractionary phase, which is characterized by deflation and the start of an economic depression.

There is debate about when the current revolution of the Kondratieff Wave began—however it is generally accepted this was post World War II—around 1949. Other economists have expanded

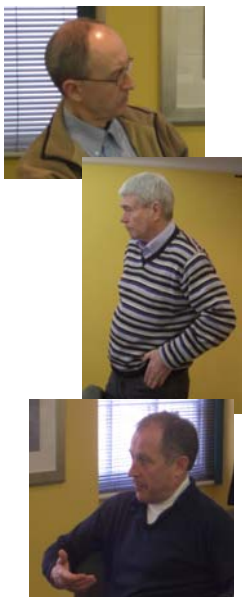
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Special points of interest:

Project and troubleshooting expertise is rarely found within a business—especially the ability to take a helicopter view of a situation and address potential solutions from an objective and holistic perspective

The application of good, basic planning and process in a robust, well-supported manner will bring the results being sought every time.

Ithaca Business—News



Members of the Ithaca / Sivi Consult team debating a Business Continuity point—from top Mats—Sweden Thomas (Sivi Consult) - Norway Dietmar—Spain, Germany & Austria



Thomas Knutsen, Principal of Sivi Consult, Ithaca's new Strategic Alliance Partner

Lots of activity since our last newsletter—business is growing fast as more and more organisations hear about Ithaca's core approach to all projects:

- ❖ Independence—giving advice without fear or favour;
- ❖ Innovative—true, out-of-the-box objective approaches;
- ❖ Process-led—understanding the whys and wherefores before considering the competencies, tools and structures;
- ❖ Simplicity—the best answers are usually the simplest.

New Website

First and foremost our new website is now up and running—

www.ithacabusiness.biz

...apart from information about us we have included a bunch of testimonials from our clients, case studies and white papers.

Ithaca papers tend to be a bit different as we try to tell the 'warts and all' story. Let's face it—there are always challenges when seeking to change the way things are done. Case studies and white papers that add the most value are those that address the full picture.

Interestingly, for the first four years of our life, Ithaca did not have a website as we didn't see it as a crucial part of our core distribution channel. One of the articles in this newsletters looks further at that question which so few businesses these days seem to ask themselves—why do you have a website?

We'd love to know what you think so please visit, have a look and let us

know...

Case Study—Annual Savings of £336 Million per Annum for NHS Demonstrated

Speaking of Case Studies Ithaca has just completed our latest effort—another health sector examination.

This one considers the impact of a system implementation in the Cardiology Department of a major London NHS Trust.

Benchmarked against Ithaca's ground-breaking work in other hospitals and against some of the NHS's own studies the implication of the findings for the entire NHS are dramatic—savings of at least £336 Million per annum being achievable with relatively little effort or expenditure!

Delivery of Marketing Plan & Program

Since December 2006 Ithaca has been working with a London-based health & beauty group to—firstly—identify and quantify their core markets; secondly, to develop a plan to improve their market share and, thirdly, to implement the plan.

We have now planned and overseen a re-branding exercise, inclusive of logo, image, public relations, advertising campaign, launch event and organisational re-structure. As these initiatives get underway our research suggests that the business will experience a 25-30% improvement in turnover within the next 12 month period.

Business Continuity Project

Working with Sivi Consult and other IIB Associates Ithaca has led the first phase of a major Business Con-

tinuity project. This has seen the conduct of a comprehensive risk assessment of 14 manufacturing sites in 10 countries—with findings not dissimilar to those referred to in our front page article.

We are now working with the client to implement the first pathway—a true Disaster and Business Interruption Recovery Plan—while discussing the much broader implications of their Strategic, Commercial and Internal Risk Matrix.

Australian Army Ongoing Contract

Ithaca is now moving into the fourth year of a contract to deliver training in Supply Chain Strategy to Logistics Officers in the Australian Army.

We originally won this contract ahead of several university-led submissions and Defence has requested its renewal without tender.

Facilitation @ Board Level

Apart from large change management projects Ithaca has an enviable reputation in facilitating Board and Executive level Strategic Reviews.

If you would like to find out more about these—or any of Ithaca's services—and their outcomes—please contact us on 08700 416224.

Sivi Consult Strategic Alliance

Ithaca Business Ltd and Sivi Consult AS announce that they have formed a strategic alliance.

This allows both companies to capitalise on the strategic, operational and business development synergies that exist between them—and substantively increases the geographical reach of both organisations.

Are You a Scary Boss?

We began this series in our last newsletter—you may remember we introduced the series by asking a simple question:

Have you ever suddenly discovered that the people who worked for you were afraid of you?

It's not an uncommon finding—but, to coin a phrase—it's scary...how, after all, could they be scared of you?

Last time around we spoke about your position—and the dangers of unpredictability, here are a few more to ponder on:

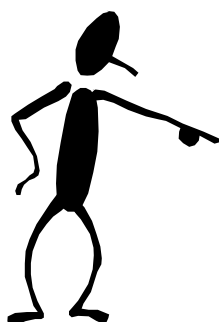
Volatility

Even the most predictable manager can be emotionally volatile. An unbridled temper is never a comfort to one's staff. In some ways this is like unpredictability. If your mood or other events occasionally affect your responses to situations, then you might be scary all of the time.

Mistrust of staff

If through word or deed you regularly display mistrust of or contempt for staff, presenting things to you is likely to be a scary experience. Mistrust can be communicated in myriad subtle ways. Some managers ask lots of rudimentary questions of the staff, displaying disdain for their abilities. Others ask endless, aggressive, prosecutorial questions that suggest a hunt for some deliberately concealed truth.

Look out for more in the next newsletter



Australia's Drought—Have We Learnt?

Genevieve Ford MBA—Managing Director, Ithaca Business

Background

Australia is the world's driest permanently inhabited continent. It also, historically, has one of the highest per capita water usage records in the world.

The causes of such an anomaly can be traced back to the importation of European farming methods and crop / livestock selection introduced in the early days of white settlement. This has been exacerbated by the development of irrigation schemes for farms that have sucked many of the viable rivers dry—even in times of plenty—and steadily leached the land, increasing the pace of desertification.

In the face of this Australians—people and governments—have persisted in lifestyles at odds with their environment. Lawns, flower beds and deciduous trees in people's gardens, government support for rice paddies in the desert!

On top of this there has been little or no investment in creating alternate water sources—Australia relies on rain that doesn't come and bores that are running dry. There are no desalination plants or other investments. Yet over the past 100 years there have been regular droughts with the current one lasting in a serious form since 2002.

This drought has now seen widespread crop failure, livestock sell-offs and country towns literally running out of water. Water reserves for cities are now at critical levels—38% in Sydney, 30% in Melbourne—down from 48% only a year ago.

Forecasters have predicted 'normal' rainfalls for this winter—but overall rainfall is predicted to fall

by 20% per annum on a long-term basis. A long term change of approach is therefore necessary.

Business Implications

Australia has worked hard at creating alternate sources of income for the country—tourism, education and financial services form the backbone of the service sector. It is, however, not true to think that ongoing droughts would have limited impact. Beyond the direct agricultural sector, many businesses rely heavily on agriculture for their livelihood.

The 1% drop in growth in the last year could be just the start—if these type of droughts continue irrigation will undoubtedly be switched off altogether. The flow-on effects can be expected to adversely impact the AU\$, balance of payments and the level of business in most sectors—for example tourists can't be hosted in regions where they cannot access water, dairy manufacturers can't make cheese when there is no milk, wine can't be produced if there are no grapes, insurance is not needed by businesses that have ceased to trade.

Could It Happen Elsewhere?

You may wonder, why bother writing such an article in the UK? Water—and the economics of water—is probably one of the most crucial issues we will face in society and, therefore, in business over the next 50 years.

The scenario playing out in Australia could easily be a taste of things to come in other countries—being prepared will be half the battle, a lesson that many Australians—people, businesses and governments—may have failed to learn.



A 1 in 1,000 year event—or sign of the future?

Who Was Kondratieff—& Why You Should Know

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on the theory, suggesting that the economic behaviour observed by Kondratieff—and others before and since—corresponds with periods of 'industrial' innovation (industrial revolution etc.)

To expand on the current cycle as seen by Kondratieff adherents, prices commenced upward accelerate in mid-1949 (Dow Jones 161, Gold US\$35), inflation was steady and debt negligible (Kondratieff Spring). From early 1966 (Dow 995, Gold US\$35) inflation and debt began to expand until—in August 1982 the Dow was at 777 and Gold at US\$850 subsequent to a commodity price blow-off stage in 1980.

Since that time, and then after the recession of 1990-1991 the global economy has been treading the secondary plateau in which the first signs of problems

become known.

Isolated economies fall into deflationary contraction, and tell-tale signs such as declining gold prices begin to take hold. During the 1990s the Japanese economy slid first into deflationary contraction. By the start of 2000—after the Kondratieff Autumn, characterised by extreme confidence, debt and asset bubble creation—the Dow was at 11750 but Gold had fallen to US\$285.

The crash of 1997 was the signal that the period of growth along the secondary plateau was ending. Additional economies collapse and plunge into deflationary contraction, a characteristic of the Winter revolution of the Kondratieff cycle. Stronger economies such as those of Europe and North America are likely to hang on until the last moment, then fall off into defla-

tionary contraction.

We can theorize that such economies, due to superior handling of monetary policy during the secondary plateau relative to countries that plunged into serious financial collapse, will not be affected as gravely as other countries with collapsing economies. However, no economy is exempt from the effects of the contraction, which is felt worldwide.

For businesses today such economic theories may seem esoteric—but ignoring them when determining strategic plans for investment and financing is not an option. We're not saying Kondratieff's theory is correct—but that you need to have context of a broad spectrum of economic theory in order to judge.

This article is just a hint to get you started...

“Economic theories may seem esoteric—but ignore them at your peril when planning strategic investment.”



Nikolai Kondratieff
1892—1938

Do You Understand Your Distribution Channels?

Genevieve Ford MBA AFAIM

When lecturing my MBA Students I am frequently surprised by how many of them truly don't grasp the concept of distribution channels.

The first confusion is with the concept of physical distribution—and that of the methods by which intermediaries link the participants in the supply chain, the 'intermediaries' being direct, retailers, wholesalers, agents, franchises, distributors, the internet, direct mail, catalogues, tendering and the like. The problems of fulfilment are significant—but they are totally separate to those of which distribution channels to select for your products and services.

The second confusion I see today is from those who do not see e-commerce and the inter-

net as a distribution channel. They assign some sort of 'other' role to the web that I don't believe it actually fulfils.

It is critical for every business to have an intimate understanding of their distribution channels—their routes to market. Not only must you know which channels work for you and why, you also need to grasp which channels don't work for you—and why. If you can, at the same time, grasp how your competitors operate in this sphere the job is made easier again.

Without this knowledge you are operating in a vacuum—those customers you reach may be just good luck, rather than good management.

Developing a strong understanding of your possible distribution channels is an integral part of the Marketing Plan process. First your markets are identified and quantified—then the ways in which you reach those markets are similarly evaluated. Finally measures are developed and implemented to gauge the success of your distribution strategies using each of your selected channels.

Ithaca have taken many businesses through this process—and onward to implement and measure specific marketing initiatives addressing particular channels and markets.

If you'd like to talk more about how your company can take advantage of Ithaca's expertise please contact us today.



Retail provides one of many possible distributions channels

...and Are You Getting the Most Out of Them?

Once you have selected the most appropriate distribution channels for the market (s) you are servicing / targeting, how do you evaluate their relative performance?

In most cases this is going to be some sort of combined volume / value measurement—but these tend to assess the outcome only rather than the process itself. This is a crucial omission if, for example, you are evaluating a distributor. It may be that they have selected poor distribution channels themselves—hence your results will also be poor... you may be entirely in the dark regarding better ways that are being used by your competitors in the same market.

Equally, you may have invested in a website—but it is just not attracting the traffic that you had anticipated. This is not necessarily a failure of the channel selected, it is more likely a failure of website design, content and keyword selection.

A further example could be the salesperson you just hired—apparently bringing a huge network of prospective clients with him / her through their contact list. The problem here might be that direct sales is no longer the right channel for your service. This is a more and more common phenomena as an increasing number of products and services become commoditised. Unless you have a value-added

proposal or total solution to offer, direct sales people just won't get the time of day they need to sell.

What it comes down to is a need to measure both the process and the outcomes—on a continuous basis. On top of that you probably need to build a reward structure in your business that drives people to act in such a way that it maximizes the efficiency and efficacy of your selected distribution channels.

Build regular review periods into the equation and you've solved the problem!

If the problem seems a bit insurmountable perhaps Ithaca can help you reach your goals?

"Without this knowledge (your best routes to market) you are operating in a vacuum - more good luck than good management."



Outcomes and process that are objectively and visibly measured always improve—provided you are measuring the RIGHT thing!

But...we have to have a Website...Don't We?

How often have you heard people say this?

I couldn't count that high—it seems that everyone seems to believe a website is a MUST.

Now, I'm not saying you DON'T need a website—I'm just saying before spending the cash, you need to understand why you NEED it, what purpose it will

serve and how you will evaluate the successful achievement of that purpose—the raison d'etre. Some sites are created to support other channels, not to sell directly—while others are fully fledged online shop-fronts .

Businesses need to understand precisely what role their website plays—and design and build it to

serve that role. Being at the top of the Google rankings means nothing if no-one ever searches for the keywords you select.

A key question for many start-up businesses might be, "do we need a website at the moment—or not?"...in terms of time and money the best decision can sometimes be, "no".



Registered offices:

United Kingdom—Ithaca Business Ltd
41E Mount Park Road, London W5 2RS
Australia—Ithaca Supply Chain Management Pty Ltd
126 Ernest Jones Drive,
Macleod, Victoria 3085

Managing Director:

Genevieve M. Ford MBA
gen@ithacabusiness.biz

+44 (0) 7913 464430 M

Directors:

Angela McCusker MBA
angela@ithacabusiness.biz

+44 (0) 7714 23968 M

Elisa Hallinan BA Grad. Dip (IR & ER)

elisa@ithacascm.com

+61 (0) 412 546 616 M

www.ithacabusiness.biz



can we help you?

London

Melbourne

Edinburgh

who are we?

Ithaca is an independent, innovative and ideas-driven business transformation practice who have designed and delivered business optimisation and integration projects for clients in Europe, Asia and Australasia.

We have particular expertise in seeing through the implementation of the process and systems designs we develop for their clients – in other words, more than strategy, more than systems integration and more than a report – hands-on, risk-sharing hard work.

Our proven, process-oriented approach, applied together with robust business analysis has given Ithaca a strong track record of success across numerous industry sectors. Ithaca's solutions have encompassed everything from process reengineering to software, outsourcing, in-sourcing, organisational re-structuring and more.

The outcomes we implement are dramatic and measurable – for the organisation and for the bottom-line.

where are we from?

Founded in early 2001, Ithaca has built an enviable, worldwide reputation for developing and implementing innovative, effective solutions, predominantly in blue-chip, public and private clients.

Our core principles of independence, doing what we say we are going to do – always – and delivering value are as applicable today as when we began.

We operate from offices in London, Melbourne and Edinburgh and have undertaken projects throughout Asia, North America and Europe.

what do we do?

strategy

Strategy: having a shared vision; setting goals; planning to achieve them

Business strategy is vital to all organisations and at Ithaca we take a rigorous approach, working with clients to create a clear direction for their organisation. This provides a map for the future, as well as the route to take now. Benefits of robust business strategy and associated objectives can only be realised through effective implementation. We help clients deliver both.

- ❖ Why do it?
- ❖ How to do it...
- ❖ Making it happen
- ❖ Now what?

performance

Performance: achieving your goals; knowing when you are on track; sustaining the achievement

Strategy without performance is only a dream. Doing the right thing at the right time and place, in the right way and visibly measuring the outcomes will achieve the dream. Success relies heavily on execution. This is challenging in most organisations – Ithaca works to generate consensus by jointly developing, prioritising and facilitating the implementation of action.

- ❖ What Do You Need?
- ❖ What To Measure
- ❖ Now What?

enablers

Enablers: identifying supporting tools; implementing them; maintaining them

Outcomes that consistently meet strategic goals and performance objectives are those that identify and effectively utilise the right set of supporting systems and tools.

- ❖ What Do You Need?
- ❖ Human Resources
- ❖ Technology
- ❖ Standards
- ❖ Risk management
- ❖ Contingency planning
- ❖ How Do You Choose?
- ❖ Process optimisation
- ❖ Functional specifications
- ❖ Now What?

structure

Structure: underpins everything

Organisational structure can dramatically help—or hinder—strategic and operational execution or destroy the efficacy of enablers. Ithaca designs and implements structures that work with the culture and the performance imperatives to ensure clients achieve their goals.

who have we done it for?

Ithaca's clients range from blue-chip multi-nationals and government such as the Department of Defence, Bayside Health, NHS, CSL Pharmaceuticals, Bonlac Foods, DHL and Carter Holt Harvey to more medium-sized and smaller companies including Harris Watson (Lyle & Scott), Sentient Health, Elmbridge Borough Council, The Training Shop and First Impressions.

A typical comment from our clients would be along the lines expressed by Pam Balstrup (Operating Suite Services Manager, Bayside Health), "the best change management program I have ever seen", when describing the one-off AUD\$3M, recurrent 7% saving in working capital spend, 65% reduction of total cost-to-serve whilst improving customer service delivery to 99%+ Ithaca delivered.