# Post-Pandemic Strategy – Know your Business (KYB)

## Spoiler: Those beautifully crafted corporate strategies, developed before 2019, are *TOAST*!

This article is the first of two on how to view the development of a Post-Pandemic Strategy and develops a framework for more detailed analysis of ***realistic*** strategic options.

### Know Your Business

The COVID-19 Pandemic has revealed that many directors and executives just do not 'know' their business model; at the very least they do not 'know' the risks inherent in their business. Many management teams cannot answer key strategic questions such as:

- What factors actually drive our revenues, costs and thus profits, and how can these factors be manipulated?
- Do we know which customers[1] are most profitable?
- How do our customers perceive the firm's value?
- Why do customers buy our products and why do they return to purchase again?
- Do we know which of the channels that we use to service customers are most profitable?
- What exactly are our fixed and variable costs, by business line, customer segment, product, and channel?
- Do we know which suppliers are best value[2] for the money spent?
- How long can the business survive without a certain level of revenue?
- What happens if a certain proportion of customers cannot pay their bills?
- What happens if a certain proportion of suppliers cannot deliver on their orders?
- What happens if we run out of cash to pay bills and wages?
- How much capital does the firm have and need to cover risks?
- And so on and so on……

At the highest level, directors and executives, do **know** some of the answers to these questions, albeit roughly, because there is a snapshot taken once a year - in the annual report[3]. But these are gross financial numbers, that are, sometimes in larger firms, broken out by business unit or subsidiary. But they are rarely granular enough to answer the more detailed questions posed above.

Furthermore, the risks to those critical numbers are rarely analysed in any detail. Prior to the Pandemic, such risks were managed, if managed at all, in an ad-hoc manner, since most risks to a firm's long-term viability tend to emerge relatively slowly, except for events such as fires and floods.

*Why is knowing the answers to these questions important?*

**Because most firms are going to have to develop a new strategy, after the Pandemic!**

*Why*? Because markets, customers, suppliers and importantly their financial resources will, for most firms, be very different to those that existed before 1st January 2020.

Of course, we now have little idea what the precise business situation will be Post Pandemic, which will, almost certainly, not be a single date but probably a prolonged period of 'recovery'.

*So, what to do?*

**We can begin to search for and hopefully find the answers to some of these questions raised above to prepare for developing a strategy.**

If fact, not willingly, but managers now have the time and bandwidth to answer such questions, as many of the staff most adept in answering such questions have time (working from home) to address, if not immediately, answer such questions.

*Why would answering such questions be valuable?*

Because when developing the corporate strategies **that will be necessary** for the future, knowing the answers to these questions will provide a competitive advantage over firms that do not know how to react to the significant changes that will arise from the Pandemic.

Think of it as using the disruption caused by the Pandemic to the firm's advantage.

## What will the future look like?

**We don't know.**

But we do know that not all firms will be affected equally and in the same way by the Pandemic and also the actions taken by governments, such as lock-downs, to address the Pandemic!

Figure 1 shows a model of the *Strategic Disruption* caused by the Pandemic in five categories by the percentage of *Firms Disrupted*. Note the shape of this curve is, as yet, unknown.

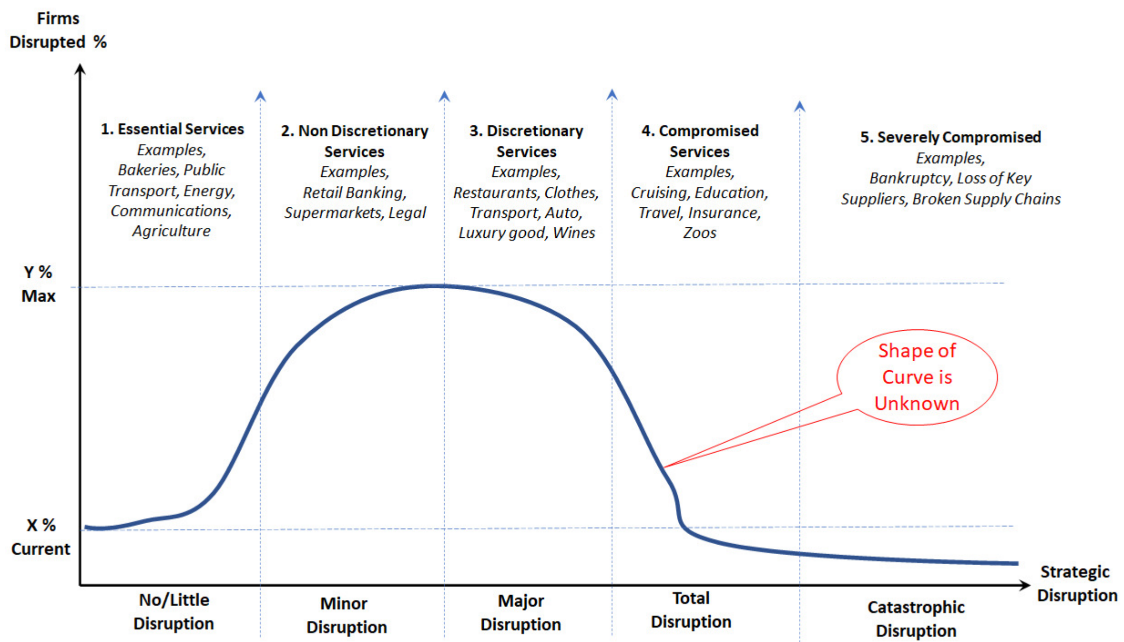


**Figure 1 – Spectrum/Range of Strategic Disruption caused by the COVID-19 Pandemic**

The X axis shows five levels of potential Strategic Disruption to a firm resulting from the COVID-19 pandemic:

1) **No/Little Disruption**: the firm will not, or only marginally, be impacted adversely by the Pandemic. Examples of such firms are '**Essential Services**', such as bakeries, public transport, energy companies etc. For example, bakeries are services that remain open during the Pandemic, supplying a range of relatively simple products, based on inputs that are not permanently disrupted by the Pandemic (e.g. flour, milk, sugar etc.);
2) **Minor Disruption**: the firm will be impacted in a 'relatively' minor way by the pandemic. Examples of such firms are '**Non-Discretionary Services**' such as retail banking and

supermarkets, which will maintain their business model essentially unchanged but will be impacted by factors, such as changes in customers' usage of their services (negatively and positively) resulting from the disruption, e.g. higher debt;

3) **Major Disruption**: the firm will be impacted in a significant way by the Pandemic. Examples of such firms are '**Discretionary Services**' such as restaurants and clothing shops, which will have to adjust their business models to account for major changes in customers' purchasing preferences, especially reduced purchasing power;
4) **Total Disruption**: the firm will be impacted totally by the Pandemic. Examples of such firms are '**Compromised Services**' such as cruising and travel, which will have to completely reconfigure their business models to account for fundamental changes in consumers' preferences following the Pandemic. Examples of compromised services are those that have been impacted severely by the Pandemic and will have to actively search for new markets, to survive[4];
5) **Catastrophic Disruption**: the firm will be impacted catastrophically by the Pandemic. Examples of such firms are '**Severely Compromised Services**' resulting from failures of existing suppliers or access to existing customer segments (e.g. exporters to certain countries).

NOTE, the term 'firm' is used here and covers not only small firms but also divisions and even business units within larger firms, if they are sufficiently different as regards the customer segments that they target and the products that they target these segments with. For example, a banking business unit that provides payments services to retail customers would be considered differently to a unit that provides investment advice to the same group. Likewise, the provision of payment services to retail customers would be considered differently to a unit providing the same service to large international business customers which would be impacted by global rather than local disruptions. So, a large firm might have units in each of the segments along the Strategy Disruption spectrum.

## Where is a firm on the Strategic Disruption spectrum?

Even though the world is still in the early stages of the COVOID-19 Pandemic, it is nonetheless possible to get a sense as to where a particular firm is on the Strategic Disruption spectrum described above.

For example, if a firm is operating during the Pandemic at near full capacity and in some cases, such as for example the telecommunications industry, increasing capacity and their customer base, *without changing their existing business model*, then it can safely be placed at level 1 – No/Little Disruption.

Likewise, a firm that is not operating because it is dependent on suppliers in badly-hit economies, where manufacturing has been outsourced, would be positioned *at best* in level 4 – Total Disruption or even Catastrophic Disruption, especially if their main customers are in a severely comprised industry, such as Tourism.

If a firm is providing Discretionary goods and Services, such as entertainment, restaurants and white goods, then they can be placed at best in the category of Major Disruption and if in a business that is 'compromised', such as being dependent on imports or exports from countries badly affected by the Pandemic then it would be moved up the spectrum to the very dangerous end.

Appendix A illustrates some tools needed to identify where on the spectrum a firm should be positioned. Since the segments overlap to a degree, precision is less important than realistic analysis.

It should be noted that there are great ***opportunities*** at the higher levels of the spectrum. For example, in Compromised industries such as Education there will be opportunities for new firms to step in and replace existing firms, most often through the use of innovative technology.

**In fact, it is already apparent that firms that are in the technology and telecommunications space will be some of the big winners[5] emerging from the Pandemic**.

## How is the Firm positioned to handle Strategic Disruption?

In order to develop a ***realistic*** and effective Post-Pandemic Strategy, it is not only necessary to identify the degree of Strategic Disruption facing the firm but also the capability of the firm to execute the necessary strategic actions. In short, this boils down to an assessment of the 'Economic Disruption' suffered by the firm as a consequence of the Pandemic.

Again, since the Pandemic is not yet over, it is not possible to assess the economic impact on a firm to any great level of precision. However, if a firm is starting from a precarious position before the Pandemic, and/or is not operating anywhere full capacity during it, in particular gathering debt, then management could anticipate negative, or even highly negative, 'Economic Disruption'. On the other hand, if a firm is in the lucky position of benefitting from the Pandemic, such as for example a telecommunications provider, then management could anticipate positive, even highly positive. 'Economic Disruption'.

An assessment of a firm's 'Economic Disruption' will determine its capacity to **execute** any strategy.

## What are the Post-Pandemic Strategic Options?

Before discussing various Post-Pandemic Strategic Options, it is worth describing the ***generic strategic options*** available to a firm, as categorised in four 'strategic directions' by gurus of Corporate Strategy[6]

1) **Growth**: to position the firm to grow assets, revenues and hence income with three main "methods":
    a) **organic**: using the firm's own resources, possibly taking on more debt or equity, to generate profitable opportunities in existing or new markets;
    b) **acquisition**: by acquiring or merging with firms that will provide additional capacity in existing or new markets; and
    c) **joint development**: by forming a formal relationship with another firm to jointly develop and/or market existing or new products in existing or new markets. (Note each of these sub-strategies is subject to common and unique risks).
2) **Productivity**: to position the firm to make better use of existing resources and hence increase profitability, through initiatives to deliver increased value to existing or new customers at lower overall costs, by:
    a) **technology**: improving and/or replacing parts of a firm's technology infrastructure, such as reaching customers through e-commerce channels;
    b) **process**: improving existing processes (usually in conjunction with technology), such as centralising customer service in call/contact centres to improve customer service; and

    c) **capital**: shifting the use of capital, for example, by 'outsourcing' existing technology and/or processes. (Again, each of these sub-strategies has both common and unique risks.)
3) **Innovation**: to position a firm to increase profitability through initiatives to create new products and/or new ways of delivering value to customers, through:
    a) **product** innovation: developing new products;
    b) **process** innovation: developing new ways of delivering value to customers; and
    c) **technology** innovation: developing new ways of providing value to customers.
4) **Restructuring**: to radically change the structure of a firm's assets and its value proposition, through:
    a) **disposal**: selling/discarding "non-strategic" parts of a firm and/or withdrawal from certain products and/or markets;
    b) **combination/division**: merging/consolidating or alternatively dividing/segregating distinct parts of the firm to achieve better use of capital and/or resources; and
    c) **reallocation**: of resources, especially capital, usually by disposal of some assets and reallocating/refocusing on other areas; this is, in effect, a simultaneous disposal plus-growth strategy and subject to the risk that either or both of these sub-strategies may fail, endangering the other.

It should be noted that generic 'strategic directions' are not mutually exclusive and real-world strategies will often consist of a combination of different options, such as 'disposal' of business units in order to build capital for organic growth or an acquisition. Likewise, a Productivity strategy might also include some technology Innovation.

In addition to the proactive strategies listed above, there is another important type of strategy - the so-called 'Do-Nothing' strategy. Such a strategy involves leaving the current business model substantially unchanged, beyond regular maintenance and minor 'business optimization'.

Although somewhat derogatory, the term 'Do Nothing' is a perfectly valid position for a firm to take, involving harvesting the profits from its existing business model, often to return value to shareholders, for example, by maintaining dividend pay-outs. A strategy to do nothing can be *passive*, i.e. not considering any proposals to change existing strategy, or *proactive*, i.e. considering a range of strategic options but *actively choosing not to change*. Obviously, choosing to 'Do Nothing' is preferable as it means that management is made aware of the benefits and risks of doing nothing.

Strategy is fundamentally about managing resources, particularly acquiring inputs and the capital and people needed to turn those inputs into profitable outputs. And Strategic Execution is about reconfiguring an existing business model into a different business model that is more sustainable in the long term. It is also, importantly, about acquiring the resources to implement the necessary changes– strategic implementation does not come cheap nor without risk. Firms that are starting from a precarious economic position usually do not have accesses to these resources, particularly capital, to implement ambitious strategies. Post Pandemic, most firms will not have access to much capital and hence will not be able to undertake bold strategies.

## Post-Pandemic Strategic Risks[7]

All strategies are risky, because the future is uncertain. That is not a reason for not 'doing strategy' but instead a reason for understanding what the risks are, so that they can be assessed and managed to ensure success. Implementing a strategy without understanding the risks involved is just rolling a dice with shareholders' money.

After the Pandemic, and for several years following it, the business environment will be highly uncertain and hence any strategy will be very risky.

*Why will Post Pandemic strategy be risky?*

Because for several years after the Pandemic almost every facet of business will be uncertain:

- Most customer segments will be faced with additional debt and uncertain income;
- It will take time to re-establish fully functioning supply/demand chains, and some suppliers will fail; and
- Competition in each industry will be cut-throat as all firms will be fighting for diminished market share.

Each Strategic Option has different risks. For example, Growth strategies are notoriously risky[8] and Growth by Acquisition especially so, because fundamentally the acquirer does not fully understand what they are buying. This will be even more true Post-Pandemic as the state of any firm will be unknown, specifically as to how it has been impacted by the Pandemic.

Figure 2 below shows the *relative* level of risk for each type of strategic option.

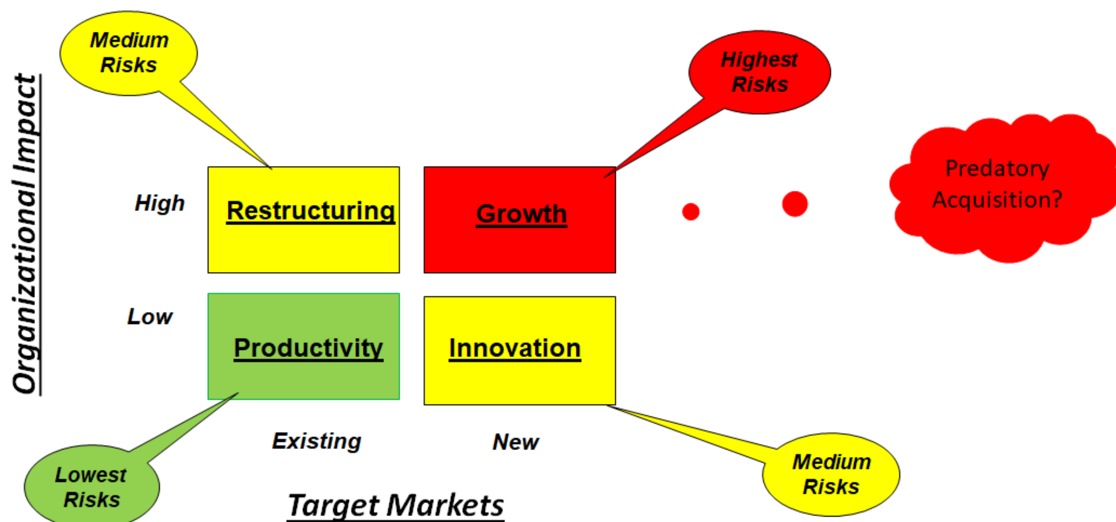


**Figure 2 – Levels of Risk by Generic Strategic Option**

In this diagram, the concept of 'Predatory Acquisition' is identified and refers to the situation where rather than a firm proactively searching for acquisition targets, a target falls into their laps. The most obvious example, would be a direct competitor which has fallen on hard times and whose business model is almost identical, or very close, to that of a firm that has weathered the Pandemic. However, caution must be observed, as for example, this was the situation that Royal Bank of Scotland (RBS) found itself in with ABN AMRO when it effectively put itself up for sale during the GFC – against the initial better judgment RBS bought ABN and the rest is history.

Figure 3 below shows an illustration of the range of Strategic Options available to a firm given the disruption to its strategic position (Strategic Disruption) and its capacity to execute any strategy (Economic Disruption).

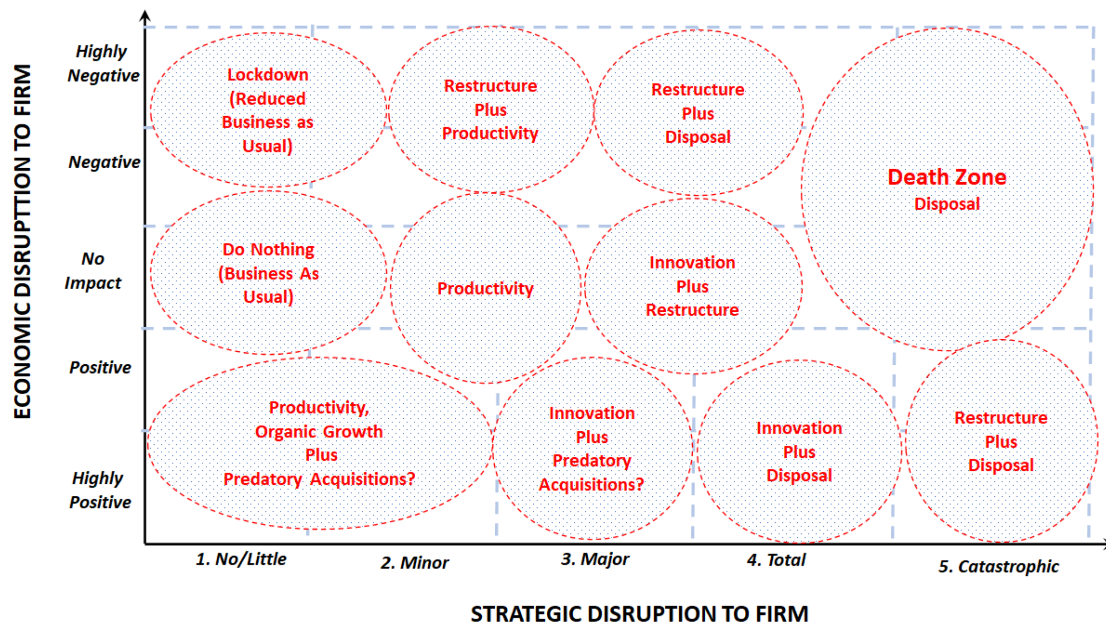


**Figure 3 – Strategic Options by the impact of the Pandemic**

The realistic Strategic Options are influenced primarily by the Strategic Disruption:

## No/Little Disruption

On the left-hand side (No/Little Disruption) in the middle (No Economic Impact is the base case) the most realistic option would be to Do Nothing or keep Business as Usual. Here the example might be a bakery or energy company which was able to keep operating throughout the Pandemic and (roughly) broke even. Above that, following a negative economic disruption would also be a 'Do Nothing' strategy but in 'Lockdown' mode, for example, working hard to pay off debt and to increase diminished profits.

On the other hand, in the bottom left of the diagram is the situation where there was little strategic disruption to a firm's business model but a highly positive economic impact. An example might be a telecommunications company which has increased customer traffic as a result of enforced working/schooling from home, a sizeable portion of which is likely to continue Post Pandemic. This positive impact allows management to consider Productivity options (e.g. building more mobile turrets), Organic Growth by for example extending its core markets, and/or Predatory Acquisitions, e.g. of highly stressed competitors.

## Minor

At the bottom left, firms that have been impacted positively are in roughly the same position as those No/Little, maybe with more emphasis on Productivity. For firms that are negatively or marginally impacted, Productivity should be the main thrust to remaining viable, with Restructuring of the firm's capital being seriously considered.

## Major

For major Strategic Disruption, a strategy of Restructuring and Disposals become the main thrust. But for those firms that have been impacted in a major way, Innovation becomes the main strategic

thrust as something different needs to be done because Business as Usual become untenable in the longer run.

### Total

The options for a situation of Total Strategic Disruption are stark. For firms that are well positioned economically, Innovation must be the main thrust but clearing the decks by Restructuring and Disposal must also be considered. For firms impacted negatively, Innovation is difficult and Restructuring and Disposals become relevant.

### Catastrophic

The right-hand side of Figure 3 is all doom and gloom, with catastrophic Strategic Disruption and in the top right for those firms that are negatively impacted economically, where there is little option but to choose to Dispose of assets (expanded below). Even in the bottom right where a firm may have been positively impacted in an economic sense there are few realistic options but to Restructure the firm and to slim down by Disposals.

**Take time to position YOUR firm or a competitor on this grid[9]! Surprised?**

## Disposal

**We have to talk about Disposals and letting go of unprofitable assets!**

Because Strategy development is usually upbeat, Disposal is a 'dirty word', although disposing of non-profitable operations should ***always*** be a realistic option. Disposal goes against the grain for most managers as it appears to be a personal failure. It bumps up against the well-known behavioural biases that apparent in many managers[10]: excessive optimism, confirmation bias and groupthink.

However, disposing of assets is not a failure, but Disposal is a significant failure, if it is done too late!

There is a range of assets in any firm that may be considered for disposal, either totally or in part, most importantly:

- **Staff**: easiest and most often set of assets that are disposed of. The basic assumption in getting rid of staff is that they are easy to replace, which, in aggregate, is probably true. But getting rid of staff can be expensive (e.g. terminal payouts) and risky (e.g. undermining staff morale);
- **Facilities**: disposing of facilities, such as offices and warehouses, happens frequently enough in business to be a 'standard practice'. However, there may be expensive terminal payments on real estate contracts;
- **Technology**: there are a number of ways that technology can be disposed of, including through Innovations, such as: Outsourcing and Cloud Computing. The risk here is that the firm loses control of its valuable internal expertise (i.e. intellectual capital);
- **Customers**: over time, businesses will target different 'customer segments', such as entering international or regional markets and also leaving them;
- **Products**: in any business, there will be new products being developed and, over time, retired (i.e. disposed of). The risk here is that the firm, unless it is not monitoring the market closely may be overtaken by a competitor with a better 'value proposition';
- **Channels**: in any business, there will be multiple ways of delivering products to customers, either directly (such as stores/branches or ecommerce) or through intermediaries, e.g. franchisees. Over time, in any business, there will be a slow turnover of the channels used to reach customers, e.g. a move from physical stores to ecommerce;

- **Intellectual Property**: over time, firms develop a range of intellectual property and valuable expertise that is usually not protected by patents. There are a number of ways that firms can capitalize on (dispose of) such IP, including: selling the IP, setting up a 'joint development' venture and/or business process outsourcing;
- **Income**: it is also possible to dispose of income using financial techniques, such as factoring and forfaiting;
- **Debt**: can be disposed of by: paying back the debt from income; turning into equity; and/or, buying back equity (if there are sufficient funds).

It should be noted that Disposals may create '*political risk'*, especially for large companies, in that mass layoffs of staff and/or the disposals of offices and factories may disproportionately impact certain towns, regions and governments. That does not mean that a Disposal should not be considered, merely that the real costs of continuing a loss-making venture can be set against social benefits (and possible subsidies).

As noted above, there are several ways to Dispose of assets, including:

- **Discard**: just stop using the assets and get rid of them, in whole or in part, with or without realising residual value and with or without paying residual expenses. An extreme version of 'Discard' is bankruptcy;
- **Sell**: the assets above, at, or less than, any residual value;
- **Transfer**: to a third party, often with a contract to pay for ongoing usage, such as Outsourcing;
- **Share**: search for partner(s) to share the assets, e.g. sublet offices or jointly market and develop IP.

So, there are three questions facing managers when considering any disposal:

1) what can/should be disposed of, whole or in part?
2) what is the most economically efficient way of disposing of the asset; and
3) what risks arise from the disposal of assets?

But of course, these are the same, or very similar to, the questions that must be asked for any strategy:

1) What can/should be Restructured/Innovated/ (improved by) Productivity?
2) What is the most economically efficient way of achieving the required changes?
3) What are the risks involved in taking one (or more) of these options?

In order to answer questions such as these, we need to know 'where we want to, or realistically can, go', which, as shown in Figure 4, called here the '**Strategic Position'** and 'where are starting from', here called the '**Strategic Baseline**'.

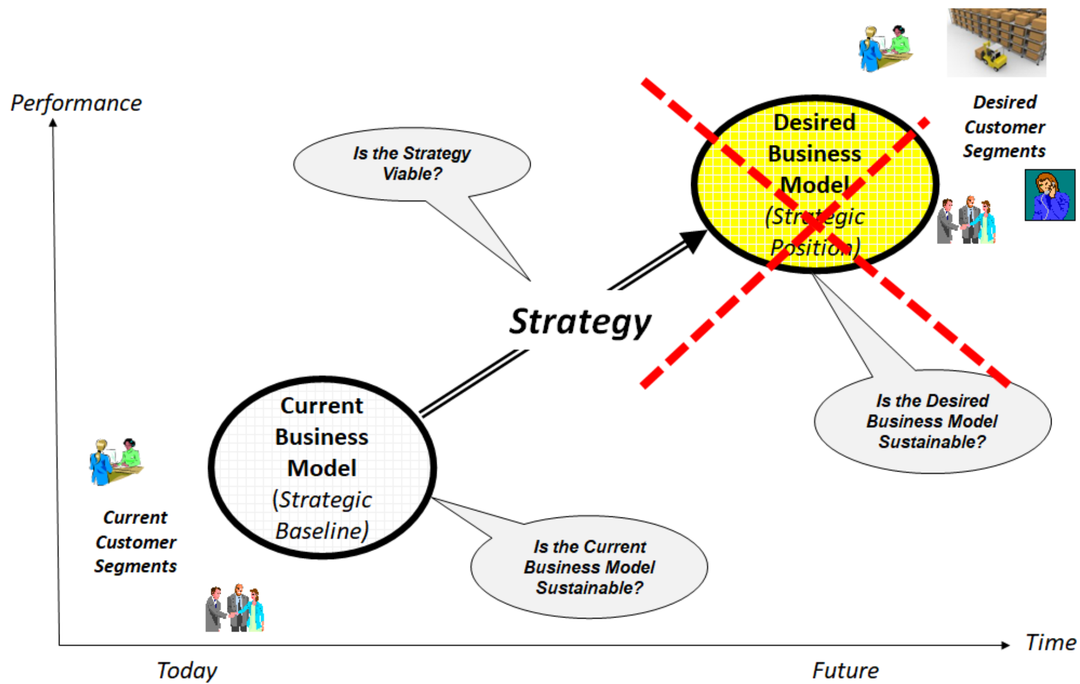


**Figure 4 – Strategy Development**

Figure 4 shows a generic high-level process of Strategy Development, for where the firm is Today to sometime in the Future (the Strategic Horizon). However, since it is much too early to identify a realistic Strategic Position, because the full impact of the Pandemic still has to play out, we can only seriously consider the Strategic Baseline. And the more information a firm obtains about the Strategic Baseline the better the firm will be successful in ultimately executing a successful strategy.

Part 2 of this series will consider how a firm develops the 'baseline' needed to make strategic decisions in such an uncertain environment.

## Appendix A - Estimating Strategic Disruption for a firm or business unit

Figure A.1 below shows a slightly extended version of Michael Porter's[11] important 'Five Forces Model' which illustrates the major competitive pressures on an industry and the firms within an industry.

First, there is the normal competitive rivalry between industry players which may range from intense to modest. Then there is the 'bargaining power of customers'[12], such as how easy it is for a customer to move to a competitor, and then 'bargaining power of suppliers', such as how easy it is to acquire inputs from multiple sources. Then there are the threats of: 'new entrants' into the industry, such as large overseas companies; and 'substitutes', usually these days technology innovators[13]. In addition to these five forces, the diagram adds two 'supply/demand chain forces': from suppliers to the industry; and from the industry to its customers.

In 'business as usual' situations, these forces are usually static or move relatively slowly over time, allowing an analysis of one particular force at a time, such as the exit of a major player from the industry, In the COVID Pandemic, however, it appears that there is potential Disruption on all Five Forces (and Supply/Demand Chains) at the same time.

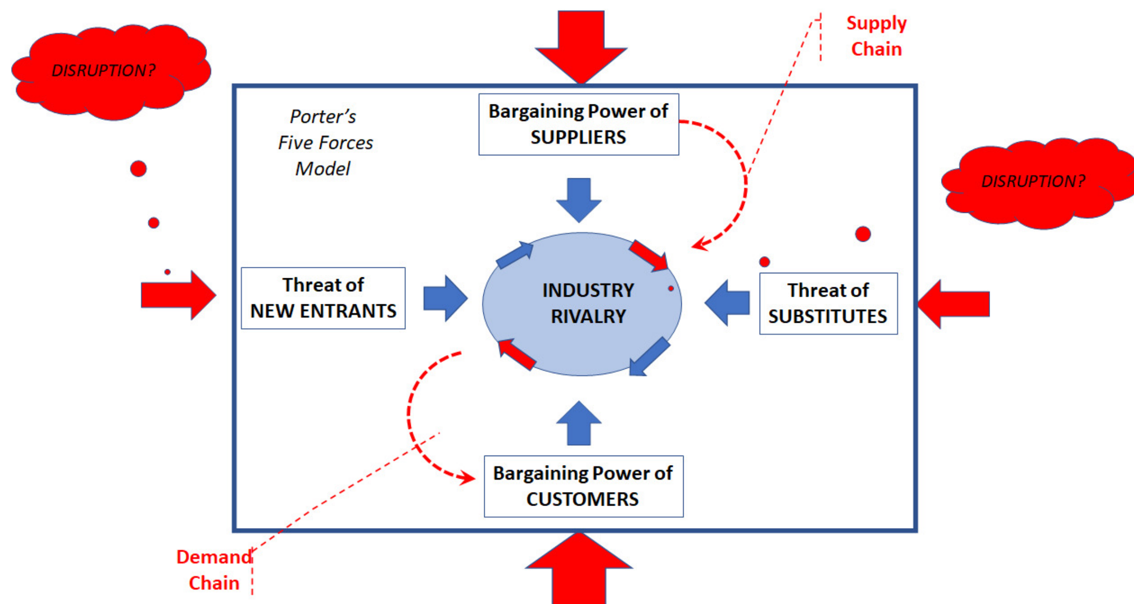


**Figure A.1 – Porter's Five Forces Model, in COVID Pandemic**

Table A.1 considers the possible levels ('Low' to 'Disastrous') of Strategic Disruption as a result of the Pandemic along the dimensions ('Forces') of Porter's model. For example, a likely 'Low' level of change in the 'Bargaining Power of Customers' due to the Pandemic would be considered 'No/Little' level of Strategic Disruption.

| Disruption related to | No/Little Disruption | Minor Disruption | Major Disruption | Total Disruption | Catastrophic Disruption |
|---|---|---|---|---|---|
| CUSTOMERS | Low | Medium | High | Very High | Disastrous |

| SUPPLIERS | Low | Medium | High | Very High | Disastrous |
|---|---|---|---|---|---|
| NEW ENTRANTS | Low | Medium | High | Very High | Disastrous |
| SUBSTITUTES | Low | Medium | High | Very High | Disastrous |
| INDUSTRY RIVALRY | Low | Medium | High | Very High | Disastrous |
| CUSTOMER DEMAND CHAIN | Low | Medium | High | Very High | Disastrous |
| SUPPLIER SUPPLY CHAIN | Low | Medium | High | Very High | Disastrous |
| **OVERALL** | **Low** | **Medium** | **High** | **Very High** | **Disastrous** |

**Table A.1 – Porter's Five Forces Model, by Strategic Disruption**

It should be noted that the impact of changes to any dimension are **firm specific**. For example, a firm that imports parts or finished goods from Singapore will likely encounter less disruption from 'Suppliers' than a firm that imports from, say, Italy. Likewise, because of different levels of economic capacity, a firm that sells high value goods to wealthy customers will likely be less impacted in the Customers dimension (provided they can maintain their supplies) than a firm that sells goods to the Mass Market.

The example below in Table A.2 is an estimation of the Strategic Disruption of a firm that imports 'white goods' and electronics mainly from Asian economies, especially China, Vietnam South Korea and Japan, and sells them to stores in their home country.

For each dimension of Porter's 'Forces', management would have to determine what a 'Low' disruption would mean in economic terms and likewise for 'Medium', 'High', 'Very High' and 'Disastrous'.

In the example in Table A.2, each dimension is assigned a 'Measure of Disruption'; here for CUSTOMERS it is 'Loss of Customer Revenue over 12 months' and management would assign levels[14]. For each 'Estimate' in the table a Rationale should be provided to record the justification of the estimate for subsequent analysis.

| **Bargaining /Threat from** | **Estimate** | **Example of Measure of Disruption** | **Example Rationale** |
|---|---|---|---|
| CUSTOMERS | High | Loss of Customer Revenue over 12 months | Customers' revenue likely reduced by 20% |
| SUPPLIERS | Med/High | Increase in Supplier Costs | Failure of some suppliers |
| NEW ENTRANTS | Low | Market Share of New Entrants | Unlikely in depressed market |
| SUBSTITUTES | Low | Market Share of Substitutes | Unlikely in depressed market |
| INDUSTRY RIVALRY | High | Market Share of Industry Participants | Large Competitors start price war – highly likely |
| CUSTOMER DEMAND CHAIN | High | Increase in stock levels in stores | Lower customer turnover -very likely |
| SUPPLIER SUPPLY CHAIN | Med/High | Increase in Supplier Inventory | Need to hold additional inputs - likely |
| | | | |
| HIGHEST ESTIMATE | ***High*** | | |
| STRATEGIC DISRUPTION | **Major Disruption** | | |

**Table A.2 – Example of Analysis of Strategic Disruption**

It is important to note that the ***highest*** estimate in the column is chosen as the overall level of Strategic Disruption, in this example 'High' and hence 'Major Disruption'. It makes no sense to

average estimates because the worst case will dominate the actions that need to be taken. For example, even if all other dimensions were Low or even Medium, if the CUSTOMER dimension was estimated as Catastrophic, the firm would be in serious trouble and need to take drastic action.

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[1] More properly Customer Segments.

[2] A supplier's value is not merely a function of cost but also of quality. It is no use having low cost supplies if the products arrive late and/or are faulty.

[3] And, for the largest firms, sometimes in quarterly reports

[4] Note Zoos are included in this category as an example because many have gone online with real-time video channels, showing live animals 24/7. This of course begs the question, if it possible to see wildlife 24/7, why would one go to a crowded zoo to see them from afar? This is called 'cannibalizing their business'. There are, of course, answers but give rise to very different business models.

[5] It is also already apparent that other winners will be in Health-related industries.

[6] See Johnson, G., and Scholes, K., 2002, *Exploring Corporate Strategy*. Available everywhere and essential reading before undertaking any strategic analysis.

[7] For risks in each category of Strategic Option see McConnell P.J.,2016, *Strategic Risk Management*, Risk Books

[8] Some of the many examples of failed Growth strategies include Lehman Brothers and HBOS, the UK bank that failed in the GFC.

[9] If the estimate for a firm lands in a blank section or is close to the edge, move the firm upwards and rightwards in the diagram to account for uncertainty.

[10] And in many cases of corporate failure, such as Northern Rock.

[11] See Porter, M.E., 1980, *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, Available everywhere and essential reading before undertaking any strategic analysis

[12] Sometimes called Buyers in the model

[13] The classic example of 'substitutes' is Amazon's entry into the book publishing and selling market, totally disrupting the industry's competitive equilibrium.

[14] Such as, for example, 'Low' (reduction <5%), Medium (5%<10%), High (10%<25%), Very High (25%<45%) and Disastrous (>45%).