

# WHITE PAPER

Franklin Cooper, CEO, COOPER LLC

## WAITING ON THE SIDELINES FOR THE FINANCIAL ENVIRONMENT TO IMPROVE IS NOT AN OPTION

**Action is needed to embrace and manage change  
and make effective marketing and management decisions as a result.**

Your industry and your competitors are not sitting still. Many are pushing ahead full speed to develop and introduce new products, new manufacturing and marketing processes, and even find new distribution channels. In what is considered a bold move, Kraft Foods, Inc., recently separated its snacks and grocery businesses. The endgame is the hope that it will be easier to focus on each segment more intently and revive its competitive advantage in the marketplace. According to a Kraft spokesperson, “It’s an idea whose time has come.” It is much too early to make any predictions for this plan. What is important is that a company took action even in an uneasy economic climate.

Another bold move was initiated by Google who just announced its intent to purchase Motorola Mobility Holdings, Inc. (Motorola’s cell phone business.) The motivation is to gain a competitive edge in the cell phone arena. This is another example of action in the face of an uncertain economic environment. In both instances, the companies, looking to the future to reap any rewards they may realize, needed to act now.

Now is an excellent time for industry leaders to ask themselves: “What business are we in?” and “What business should we be in?” They should not be surprised if the two are not the same or do not correlate. What happens if the two do not correlate? Does one change the business or develop another competence that may be more appropriate than the current business? No matter the size of the company, corporate leaders must scrutinize the skills of their workforce to determine what talents already exist in the company and which ones they will need to develop in order to achieve their goals.

Another exercise is to do a competitive analysis of competitors to see where you rank against them. What are they doing better than you? What new markets are they focusing on that you are not? What new product(s) or services might be in the pipeline that you should be aware of? What products or services can you modify or discard in order to strengthen the remaining ones and make them more sought after and more profitable.

We would be remiss if we did not mention a powerful force to be recognized in this discussion—risk. Everyone from Adam Smith to John Maynard Keynes has supported risk as a force that propels economic progress. Another proponent of risk was Alan Greenspan, speaking before the Garn Institute of Finance at the University of Utah, “...The willingness to take risks is essential to the growth of a free market economy...If all savers and their financial intermediaries invested only in risk-free assets, the potential for business growth would never be realized.”

Oliver Wendell Holmes said it best, “Greatness is not where we stand, but in what direction we are moving. We must sail sometimes with the wind and sometimes against it-but sail we must, and not drift, nor lie at anchor.”

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