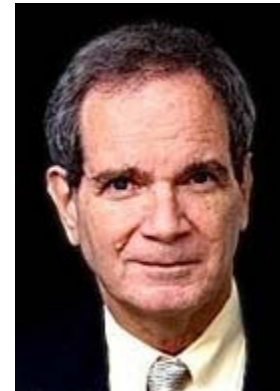


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October 2010 Special Assessment Part #3 **What Next?**

by *Marc Chinoy*
Regis Group President



Marc Chinoy

President's Letter **Shifting Gears**

The Value Proposition

by *Marc Chinoy*
Regis Group President

We live in sadly familiar times when old patterns of forgetfulness have cut away the ground beneath large segments of the economy, yet again. The financial industry's swan dive may appear to be something new, but it is a repeat performance, following down the track established over time by implosions of confidence in agriculture, defense, and the aerospace industry. Each of these disruptions followed a pattern of enthusiastic rise followed by a spectacular fall. With today's seemingly new difficulties come a host of very old and very bad lessons disguised as solutions. Bad Solutions.

#1: The Haircut

Almost any business can be made to look better in the short term by cutting cost. In a period of decline the net can be tricked into staying up or even increasing even after the gross has started to fall apart, until the means of fulfilling commitments fall apart.

The most difficult part of a Special Assessment is often not the creation a "no-holds-barred" analysis of your circumstance, but rather affirmatively taking action on the results when they run counter to "business as usual."

Your assessment is not supposed to be an academic exercise meant to calm fears by showing that the world is actually in order, but rather should be seen as a First Step toward strengthening the position and competitiveness of your group.

Yes... it is possible that the Assessment will reveal that no change is needed, but if the drivers of the assessment are any of the reasons listed in Part #1 (in the August Agenda), then failing to strongly act will add insult to injury once ground has begun to be lost.

And, yes... pride in past performance despite changing conditions and personal reluctance to disrupt familiar patterns, are serious barriers at all levels.

Best steps:

1. *At the very start of the*

No, the recovery is not fully in place. Yes, we have bounced hard off a very real bottom, and that bounce has for many been mostly a thud. As a result our circumstance sets up a series of all too familiar sign-posts for planning, including:

1) *The need for a clear-eyed assessment of the actual nature of the surrounding business and cultural environment and our place in it;*

2) *The assumption that competition in all sectors will be unusually fierce*

3) *The reality that innovation in answers combined with bed-rock discipline implementation will create a moment of solid opportunity for*

Symptoms of out of kilter cost-saving efforts include across the board freezes in R&D, deep cuts in training and even reductions in marketing as ways of improving margins.â€”â€” Bad Solution.

#2: Cost Shifting

Enhancing “shareholder value” can become a cynical rubric for pumping up stock price by simulating the appearance of short term gains at the expense of the truth. Balance sheets that are improved primarily by the timing of deductions and credits, not only confound investors, but divert attention from a primary need... the ability to respond appropriately to the marketplace.â€”â€”The resulting Marketing Challenge is to clearly recognize and effectively respond point for point to changes in the needs of customers/clients at the pace of their change, by adjusting the organization to match the look of the market while remaining fully engaged.

#3: An Algorithm for Value

To succeed at increasing “VALUE,” successful businesses should achieve and maintain a continuous BALANCE between operations and development, production and marketing. A strong EBIDTA is NOT an automatic harbinger of success.

Best planning should incorporate an algorithm for Value, one that includes strength of infrastructure, improvement of internal processes, and a conscious emphasis on promoting both distinctive tangible assets and intellectual property.

â€”â€”The clever leader will do anything to assure that net earnings are protected. The wise leader will focus on the relative values of an accumulated asset base, taking a short-term hit under part of their

Assessment, set clear guidelines for defining “Actions to match” all circumstances revealed and identified along the way

2. Work to a schedule outlined at the start for developing short term plans (including how new steps should tie into your pre-existing plans, budget, and operations)

3. Be certain to have quantified measures connected to ALL proposed initiatives

4. Have all intended action sequences reviewed for appropriateness by an independent third party (i.e. knowledgeable leaders or managers other than those who wrote the sequences or who in any way report to them).

5. Commit to, then actually START and ultimately report out your progress

6. Reassess your position after a previously defined review term.

Please remember that this type of action sequence is NOT a replacement for cyclical planning on an ongoing basis, but will significantly improve your chances of at least limiting the negative impact of sudden change and at best help you and your group to grab hold of the many opportunities created by unsettled times.

some that will be apparent in 20/20 hindsight to both those who seized the moment and those who hesitated. The decision of which side of the equation we choose, is a decision for each of us to make individually... right now.

If this message sounds familiar, it's because this sentence calling for an exclamation point... not a period.

Best regards,

Marc



"STAND FAST"

BizSpeak: **Stand Fast**

Definition:

Refusing to change a position or opinion, even when there is steadily mounting opposition to your point of view.

Related Terms:

Hold Your Ground,
Be Strong,
Suicide Mission (at times)

How it Sounds:

"Martin decided to STAND FAST on the executive travel compensation

watch to assure the strength of the organization in the long term.

Focus on the Future
Guest Predictions:
Bruce Roberts

Guest Predictions is a regular feature in which we ask leaders in a number of professions questions that affect us all.

Bruce Roberts

Bruce T Roberts is the former CEO of the National Community Pharmacists Association (NCPA). While at NCPA, Bruce co-founded SureScripts, Mirixa and Community Rx. Bruce recently joined BeneCard Prescription Benefit Facilitator (BPBF) as their President and CEO. Roberts is the founder of the Leesburg Pharmacy of Leesburg, Virginia, where he has lived with his family for more than thirty years.



Bruce Roberts

issue, which only got him in DEEP WATER with the HEAD HONCHO of marketing and all of his MIGHTY MINIONS."

For More BizSpeak, check out the Book. [Click here.](#)

Q: What changes in your professional environment in the past 3-5 years have you found to be the most beneficial?

A:

Our focus at BeneCard is to reduce the cost of managing the prescription benefit as compared to our competition. Also there is a growing recognition of the cost to our healthcare system resulting from inappropriate use of medicines. With our business model being centered around both of these issues the current business environment has helped us gain traction in the marketplace.

Q: What changes have been the most troubling to you?

A:

On one hand the economy has been beneficial, on the other like most businesses, in America it has caused challenges. Specifically unemployment is a challenge in that if folks aren't employed they don't have benefits and we lose our customers.

Q: How will globalization affect your professional area in the near term?

A:

The growing concern of inappropriate use of medicines is a global concern. As such how we address this issue not only in the United States but around the world has become a global debate. Specifically in the near term we are going to see a global collaboration to define what should the role of the pharmacist in addressing this issue.

Q: What significant challenges might be anticipated in your professional area in the next few years?

A:

Change. The status quo isn't working when it comes to the prescription benefit. Defining new models, getting stakeholders to recognize the need for change, and then assuring the change occurs will be a challenge.

Q: What are the greatest challenges confronting young professionals in Western culture today?

A:

The greatest challenge will be finding a job. With unemployment hovering at 10% job.....at least jobs they are trained to do and desire will likely be scarce. Also with rapid pace of change in American business they need to be adaptable to assure they ride the wave rather than get buried by it. And finally to avoid frustration of the entry level job young professionals need to keep their sights set on where they ultimately would like to be, need to understand they will not likely get there overnight, and have a plan for where they ultimately see themselves.

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