

## **PARENTING OPPORTUNITIES GROUP EXERCISE**

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1. Choose one of the companies in the group to work on. Identify one business unit in the company to analyse. Develop a list of parenting opportunities that relate to this unit:
  - What are the main decisions, changes and improvements facing this business over the next 3-5 years?
  - Is the business likely to find any of these difficult to execute? Is it likely to under perform in any of these areas?
  - If these areas of likely under performance could be corrected by a skilled parent company, then they are parenting opportunities
  - Add more parenting opportunities by listing the things that go wrong in this industry? What mistake do even the good managers typically make? Each area of typical mistake is an additional parenting opportunity
  - Finally, have a look at the parenting opportunity check list (attached) to see if any other parenting opportunities should be added
  
2. From the list of parenting opportunities you have developed, identify any which you believe could have a significant impact on the performance of the business (15% or greater uplift in profits)
  
3. Think about the implications for parenting skills, resources, structures etc. needed to realise the main parenting opportunities

# PARENTING OPPORTUNITIES CHECKLIST

1. Size and Age. Old, large, successful businesses often build up bureaucracies and overheads that are hard to eliminate from the inside. Small, young businesses may have insufficient functional skills, managerial succession problems and lack of financial resources to ride a recession. Are these factors relevant to the business?
2. Management. Does the business have top quality managers relative to its competitors? Are its managers focused on the right objectives/ambitions? Is the business dependent on attracting and retaining unusual sorts of people?
3. Temptations. Does the nature of the business encourage managers to make mistakes (e.g.. maturity often leads to excessive diversification, long product cycles can lead to excessive reliance on old products, cyclical swings can lead to too much investment during the upswing)?
4. Linkages. Could this business effectively link with other businesses to improve efficiency or market position? Are the linkages complex or difficult to establish between the units concerned?
5. Common Capabilities. Does this business have capabilities in common with other businesses that could be built, shared and transferred between the businesses?
6. Special Expertise. Could this business benefit from specialist or rare expertise that the parent possesses or could possess?
7. External Relations. Does this business have difficult to manage external stakeholders (shareholders, government, unions, suppliers etc.) that could be better managed by the parent company?
8. Major Decisions. Does the business face difficult and infrequent decisions in which it lacks expertise (entering China, major acquisitions, major capacity extensions)? Would it be difficult to get funding for major investments from external capital providers?
9. Major Change. Is the business facing a need to make major changes that its management have insufficient experience of?
10. Business Definition. Appropriate business definitions may change over time. As a result, the current definition of the business may have too narrow or too broad a product market scope, and too much or too little vertical integration. The trend to outsourcing and alliances is changing the definitions of many businesses, creating new parenting opportunities. Is each business defined so as to maximise its sources of competitive advantage?