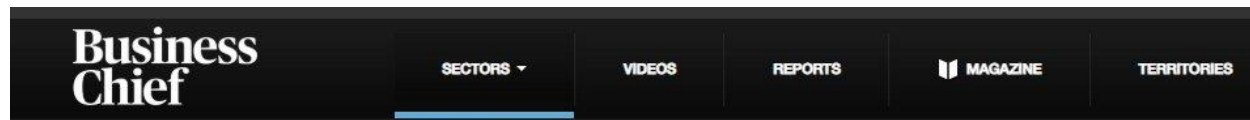


Oliver Wight EAME

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Five tips for business success in developing markets

Monte Maritz - Leadership - Apr 17, 2020

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Monte Maritz, Partner at Oliver Wight EAME, explains the challenges for businesses in developing markets and the steps they can take to ensure success.

When it comes to operating businesses in emerging markets, business leaders often question how they can formulate effective plans to stay ahead of the competition in volatile, rapidly changing or high growth environments. What they should be aware of is that for a business to implement a formal process to plan and execute beyond the immediate horizon - often for 24-months or more - a certain level of stability is not first required.

So, is a formal plan relevant in a market that is extremely dynamic or with high levels of political or economic uncertainty? The answer is an emphatic yes, and arguably more so. The key is that the organisation recognises the volatility in its market, so it is able to respond to that volatility differently and more successfully than its competitors.

To achieve business success, a fully integrated business planning process can provide the leadership team with a realistic view of where the business wants to go, and empower it to make real-time decisions to influence that position. There are five key areas where having the process in place can contribute to business success.

1. Managing volatility

One of the defining characteristics of developing economies is a high level of volatility, which is typically more pronounced in emerging markets. For a business to succeed, it needs to manage and eliminate external volatility better than its competitors by looking at its marketplace and deciding which strategic response best suits its business model in order to make money in that environment.

Once it has made these decisions, the next step is to align the capability of the organisation to service the strategic response. Having a formal plan in place provides the tools to create and manage that capability correctly, rather than fuel the volatility.

When a market is perceived to be risky or uncertain, returns should be high, based on the common economic principle of risk vs. reward, so the environment should provide the business with good incentives to take on the external volatility, provided leadership manage this complexity well, and respond to change effectively.

2. Predicting changing markets

It is not always easy to define and measure growth in an emerging market, as there is often no average consumer to base estimations upon. Growth can also be infrastructure driven, i.e. in Africa, some of the main drivers of growth are simply the availability of infrastructure or access to education that didn't exist before.

When a plan requires the prediction of demand well in advance, many organisations have questioned how they can deploy it when they have to change their response all the time, often based on short-term signals.

The answer is through managing assumptions. These are the compass a company needs to make strategic corrections when the market is always changing. The business should define its capabilities, define its assumptions and use them to plan ahead.

3. Championing people

Although complex and unpredictable environments provide many challenges, the rapidly changing environment exposes leadership skills and often requires leaders to be a lot more involved in understanding their business - so successful businesses are usually filled with a high quality of leadership.

Most leaders recognise the ineffectiveness of working in a silo and know that they simply cannot afford to be without a single integrated approach to running the business, which is why a planning process, such as Integrated Business Planning, is a good fit. It is often the case too that organisations in emerging markets do not tend to be very hierarchical and IBP benefits from the responsiveness of companies that have flatter structures.

4. Evolving with technology

Businesses in developing markets may not be able to afford highly sophisticated software tools but it's a common fallacy that complex tools are needed to run a successful planning process; it works at the level of detail that is relevant to an organisation's leadership, its processes and its tools. A business simply cannot wait for the arrival of the perfect environment, because it needs the process in place to get the traction required to improve the process; it is a classic chicken and egg scenario.

This is especially true in emerging markets where there is often a so-called ‘technology evolution jump’. For example, with the introduction of mobile phones, the majority of the African population will never own a landline. Businesses will not go through the process of installing landlines then moving on to using the mobile network. Neither does it make economic sense to install fixed-line telecoms across huge, sparsely populated and sometimes difficult-to-cross terrains. And a newly established business might not need to buy a single PC because in a few years’ time (or even now) the business will be run from mobile phones. Organisations in emerging markets will instead experience different technology evolution journeys.

5. Strong leadership

It is fundamental that a business needs its leadership to think about the capable strategic response in its marketplace to stop firefighting. Senior management must create short-term stability, through the development of a responsive capability for the volatile environment, rather than becoming the capability themselves, and thus falling into the trap of having to manage on a day-to-day basis. They can then focus on what is required for the future success of the business.

A successful Integrated Business Planning process allows the leadership team to plan and manage the entire organisation. Once the business is under control, it becomes the perfect foundation for the deployment of continuous improvement activities, to drive growth and enable continued effective decision-making.

About Oliver Wight EAME

Monte Maritz is a Partner at [Oliver Wight EAME](#), global business transformation specialists with over 50 years of experience helping some of the world’s best-known organisations reach and sustain excellent business performance. As pioneers of sales and operations planning and originators of the fundamentals behind supply chain planning, Oliver Wight professionals are the acknowledged industry thought leaders for Integrated Business Planning.

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