



Ernst & Young  
Entrepreneur Of The Year®

# Seizing opportunities

A once in a lifetime chance

# A survey of the world's best entrepreneurs



- ▶ Undertaken during the second quarter of 2009.
- ▶ Conducted among 3,100 country winners and finalists from the Ernst & Young Entrepreneur Of The Year award.
- ▶ Respondents represent more than 50 Entrepreneur Of The Year countries, covering more than 90% of the global economy.
- ▶ The purpose was to discover the unique actions being taken by entrepreneur-led companies in response to the global economic downturn.
- ▶ Questions focused on:
  - ▶ The importance of cash and liquidity
  - ▶ The strategic focus of their business
  - ▶ The tactics for key business challenges
  - ▶ The advice they would share with fellow entrepreneurs or CEOs
- ▶ Responses have been broken into six areas for better structure and understanding of issues and opportunities: Customer, People, Transactions, Operations, Finance and Risk.
- ▶ All quotes in this publication are taken from Entrepreneur Of The Year country winners and finalists.

# For many years, we have been asked “what do market leaders do to be successful?”

To answer this question for current times, we have recently undertaken surveys with two distinct segments of business leaders:

- ▶ “C-suite” executives in large multi-national corporations
- ▶ The world’s foremost entrepreneurs



Both surveys were designed to discover how efforts are being focused in response to the economic downturn.

Our conclusions highlighted the contrasting goals currently being pursued by the two groups:

- 1) **Most multi-nationals are more concerned with protecting their current position.**
- 2) **A majority of entrepreneurs are focused on pursuing new market opportunities.**

(Participants were able to select more than one)	Mature multi-nationals (Global corporate executives)	Strategic growth companies (Global entrepreneurs)
<b>Securing the present</b>	<b>74%</b>	30%
Protecting your assets	40%	23%
Improving performance	39%	41%
Re-shaping your business	37%	16%
<b>Pursuing new market opportunities</b>	19%	<b>67%</b>

How strategic growth-oriented organizations intend to find and exploit the opportunities inherent in any downturn is the subject of the following pages. The survey results and advice from the entrepreneurs provide a useful benchmarking tool for companies to measure and compare their own responses to the downturn, and a fascinating insight into what actions proactive companies are taking to remain on course during the current economic times.

“There’s no point in doing anything other than to look for the opportunity in the crisis. So stop listening to the media hype and make it happen!”

# Survey results

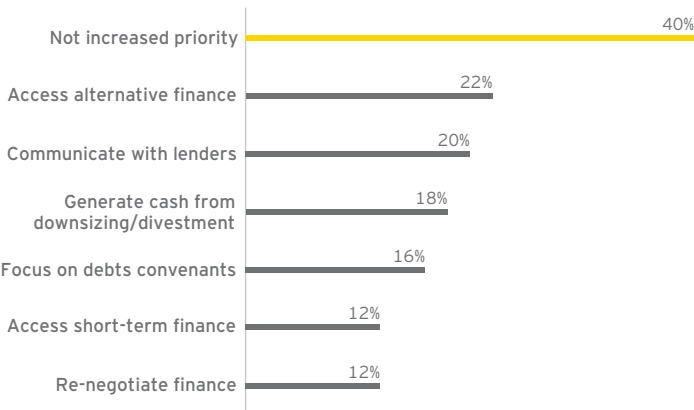


## “Cash is king. But have it ready to spend when opportunities present themselves through this crisis.”

Growth is only possible for companies with the required resources. For now, this means cash. Entrepreneurs can only pursue their ambitions for growth if their cash positions are secure.

The survey confirms that this is largely the case. Despite the current pressures, 40% do not see an increased focus on cash generation. This suggests that many have sufficient cash reserves with which to approach current challenges and opportunities. From the outset, this will place them ahead of many of their peers and competitors who are trying to secure their cash position.

### Which of the following best describes the importance of generating cash over the next 12 months?



This strong liquidity position provides the basis for a wider array of financial choices in order to build a robust business platform for when business conditions improve, incorporating aspects of:

- ▶ Broadening customer base
- ▶ Acquiring strategic businesses or assets
- ▶ Developing new products, services and markets
- ▶ Attracting and retaining people
- ▶ Driving operational performance

### What the entrepreneurs said... about the economic climate

“The current market conditions call for creative and unconventional approaches. This will be the key to pursuing our dreams and visions as entrepreneurs. We should never get depressed by the situation, we should always be brave and joyful in taking on the challenges.”

“It is times like this that the strong get stronger and the weak fall by the wayside. Focused leaders with a sense of urgency to their execution will prevail, lead and be at the top of their industry.”

# Customer

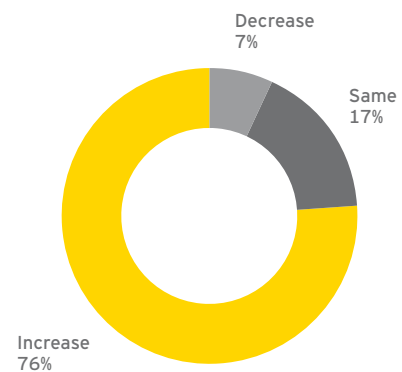
“Innovate and re-invent. Re-evaluate what is considered of value to customers in this economy. Go there. Develop your solutions to deal with customer pain. Let them know you can assist.”

- ▶ 93% of respondents are retaining or increasing their focus on broadening their customer base and entering new markets.
- ▶ 80% are retaining or increasing focus on re-negotiating contracts and managing customer bankruptcy.

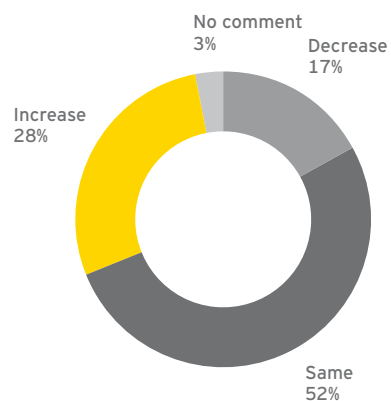
Seizing the opportunity to expand customer base and sharpen market differentiation is the top priority for today's leading entrepreneurs. A strong focus on core niches in both new and existing markets will help ensure that resources are directed at driving the greatest value.

At the same time, there is realism in their outlook. Some customers will probably fall away during tough times, and procedures to manage these reductions or failures are being re-inforced.

## Broaden customer base and enter new markets



## Re-negotiate contracts and manage customer bankruptcies



### What the entrepreneurs said... about customers

“Perceptions are reality, manage your customers’ perceptions of your business.”

“This is a market of opportunity. Focus your efforts on neglected or overlooked markets while also building customer loyalty. Those positioned accordingly will see exponential growth when clients and potential clients start to operate at capacity.”

“Understand which of your products/services are necessities vs. luxuries. Position your products/services as tools to help your clients through their leaner times.”

# People

“Key staff, and productivity are important in this market; I am still investing in hiring and retaining key staff and moving on non-performers quickly.”

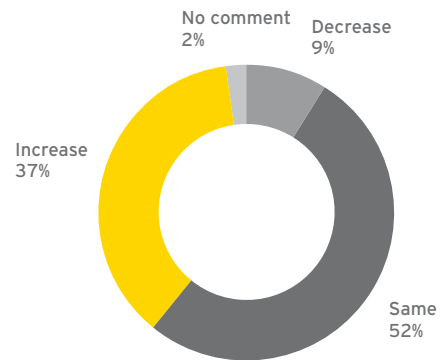


- ▶ 89% of respondents are either retaining or increasing their focus on recruiting and rewarding their key people.
- ▶ 83% are retaining or increasing their focus on reducing or relocating their workforce in order to reduce costs.

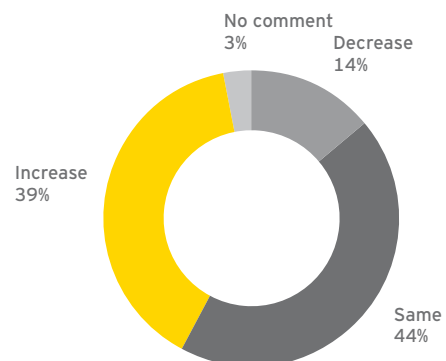
Entrepreneurs are concentrating on keeping their key people – the people that cannot easily be replaced. Investment in training, rewarding or acquiring the “right” people is a consistent message from respondents.

However, they are also aware of the need to reduce costs where possible. Outsourcing, relocating or reducing workforce to generate cash are significantly increasing in importance.

## Recruit and reward key people



## Reduce or relocate workforce



### What the entrepreneurs said... about people

“Respect your employees. I am a true believer that a person is only as good as their worst employee. By treating my employees as I want others to treat me, I believe there is equal respect given and taken. When a client comes to one of our sites, they see these things.”

“Keep calm, stay focused and work as a good team.”

# Transactions

“Be more aggressive than ever and take advantage of the opportunities.”

- ▶ 80% are maintaining or increasing focus on seeking mergers and acquisitions.
- ▶ 74% are maintaining or increasing focus on divesting non-core assets.
- ▶ 68% are maintaining or increasing focus on raising further capital from shareholders or the market.

These are times when fortunes are made and new market leaders rise to the top. The focus of most entrepreneurs is to broaden their customer base and/or enter new markets. To achieve this, many see a marked increase in potential mergers and acquisitions at reduced prices.

The advice is cautious raising of capital together with a renewed focus on having the right balance sheet and business model to capture these acquisition opportunities. This focus has maintained the importance of divesting non-core assets to realize capital.

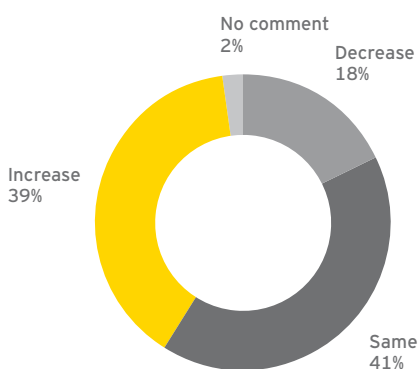
## What the entrepreneurs said... about transactions

“Mergers & acquisitions together with looking at diverse new markets are today’s great opportunities.”

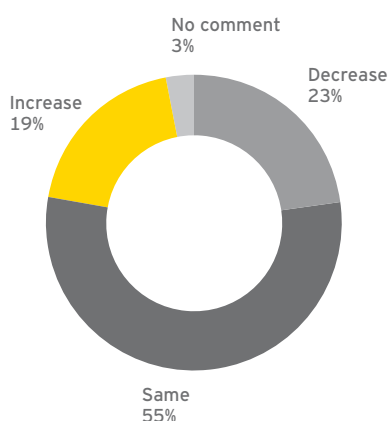
“Now is the time to take market share either through sales growth or acquisition. It isn’t for the faint-hearted, but there are few golden moments in history like this one to dominate your industry or your competitors.”

“Divest unprofitable units while seeking and investing in opportunities from the crisis.”

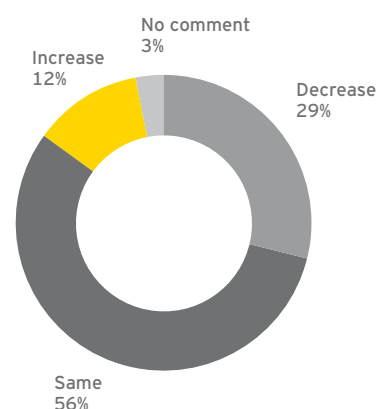
Seek mergers and acquisitions



Identify divestments in non-core assets



Raise further capital from existing shareholders or markets



“Generate cash; be the lowest cost operator in your industry. When the recovery begins, the rewards will be significant.”

# Operations



- ▶ 29% have decreased their focus on investment in capital projects.
- ▶ 90% have maintained or increased their focus on reducing costs to build short-term profits or cash.

The window of opportunity to increase market share and to take advantage of competitor distress due to the downturn may prove to be short. Companies that are looking to do so will need to respond quickly. Many entrepreneurs are deferring longer-term capital expenditure and generating short-term cash to invest in initiatives aimed at increasing market share at the expense of companies that are simply trying to survive.

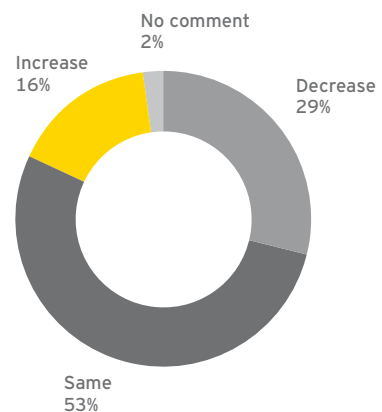
## What the entrepreneurs said... about operations

“Deal with the things you've been letting slide. Clean up your operational messes (lose fat, build muscle).”

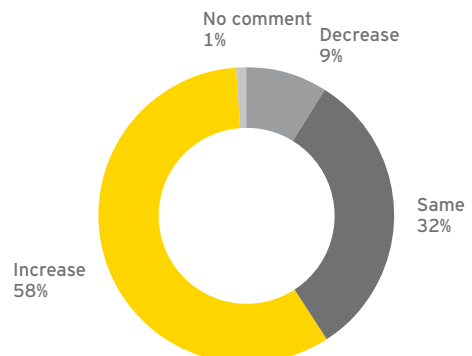
“Cut the unnecessary costs and increase efficiency and productivity; identify opportunities in the existing environment. Stay focused and ensure that products and services are delivered with the utmost professionalism and integrity.”

Having an efficient operating model that maximizes the strategic advantages of each company's people, processes and systems is the platform upon which success is likely to be built. Being able to reduce costs without damaging the organization's strategy or customer experience is seen as a critical success factor.

### Increase investment in capital projects



### Reduce costs to build short-term profits



# Finance

“Manage cash, but there are some great opportunities out there for growth.”

- ▶ 81% are retaining or increasing focus on accessing alternative channels of capital.
- ▶ 66% are retaining or increasing focus on raising debt to deal with the short or medium term.
- ▶ 11% are increasing focus on exits and succession planning.

Maintaining strong channels of understanding and communication with all key financiers continues to be a very important element of good financial management.

The survey has confirmed that exit or succession planning saw little increase in focus – but accessing new or alternate channels of capital to capture opportunities is an increased focus.

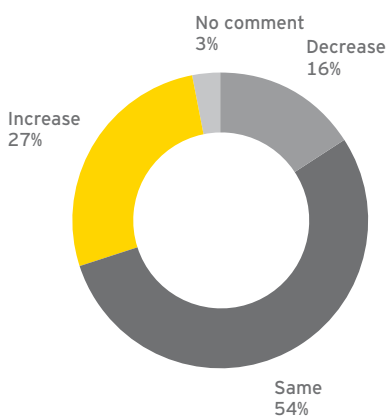
## What the entrepreneurs said... about finance

“Stay away from knee-jerk reactions. Keep your key funding sources up to speed with full, timely disclosure.”

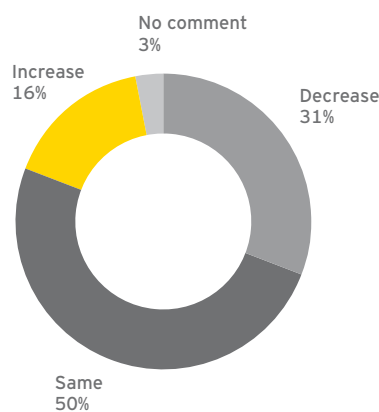
“Preserve cash wherever possible without losing sight of what your goals were before the economic crisis hit.”

“Make sure that you have an ongoing dialog with your banker (i.e., no surprises) and develop a realistic budget that reflects the current market conditions.”

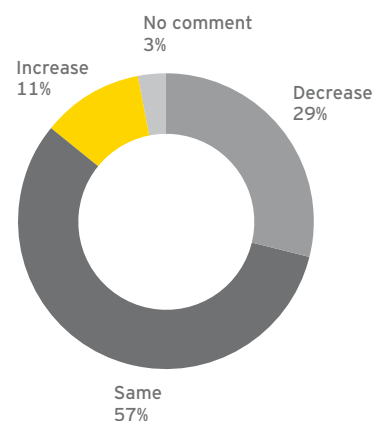
**Access alternative channels of capital (VC/PE etc.)**



**Raise further debt to meet short/medium-term requirements**



**Increase focus on exit strategy or succession**



# Risk

“Question all that you do. Focus on improvement for when the economic downturn lifts.”

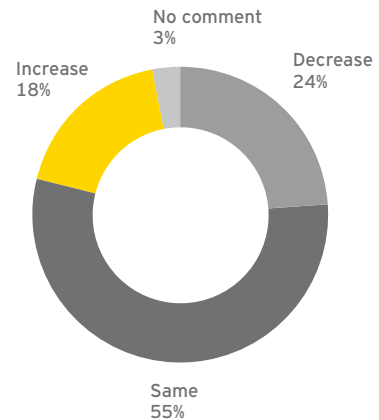


- ▶ 24% have increased, and 18% have decreased, their focus on encouraging and rewarding risk.
- ▶ 92% are retaining or increasing their focus on creating early warning systems for distress, e.g., for their cash situation.

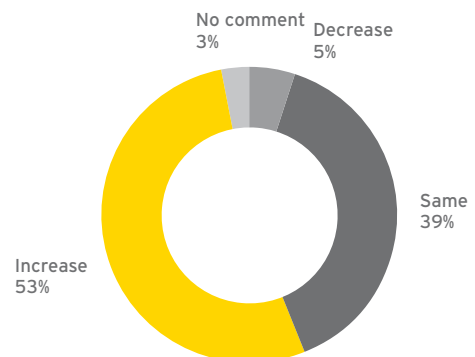
While retaining a capacity for risk, entrepreneurs are aware of the heightened dangers that have appeared in the world economy in the past 12 months. There is a split over whether to increase or decrease exposure to risk – the majority have retained their encouragement and reward of measured risk-taking.

Whatever the attitude to the taking of risks, there is an overwhelming recognition that companies need processes to recognize and deal with problems before they can threaten the strategic direction of the company.

## Encourage and reward risk-taking



## Create early warning systems for distress




### What the entrepreneurs said... about risk

“Maintain high visibility on short-term revenue and cash, but assess customer and supply chain risks.”

“Ensure that your business strategy is calibrated to market conditions.”

“Plan ahead, don't make rash decisions. Winning companies acknowledge financial concerns before they become a burden and make swift decisions when they need to be made.”

A close-up photograph of two hands, one from the left and one from the right, holding a glowing, golden orb. The hands are silhouetted against a bright, warm sunset or sunrise sky. The orb is the focal point, emitting a soft, golden light. The overall mood is one of hope, opportunity, and achievement.

**Entrepreneurs remain  
intent on growth and  
will ensure that their  
business is prepared  
to exploit the current  
opportunities**

# Conclusion

## Entrepreneurs – an engine of the world economy...



The financial problems affecting the world economy have forced companies everywhere to address a new economic reality and challenge long-held assumptions and opinions. Many – including established market leaders – have found it difficult to react to the changing times and have seen their performance and market share eroded as a result.

But a crisis for one company is usually an opportunity for another. Seen from another perspective, this downturn has opened up space in all local and global markets. Companies that cannot adapt to the new circumstances will be replaced. They will be replaced by exceptional enterprises with the agility to adjust to the new reality.

All strong business leaders are changing their thinking in response to the current economic environment. They are evolving because they understand the difficulties in sourcing finance and maintaining liquidity and they see the pressures on their people, customers and suppliers, while also recognizing the increased importance of managing risk.

The economic downturn is a window of great opportunity for those that can harness positive thinking and act ahead of the competition. This survey has confirmed that, while keeping a watchful eye on the importance of cash liquidity, they will continue to drive their businesses forward to growth with a focus on the key business challenges.

Regardless of the continuing market volatility, entrepreneurs remain intent on growth, and will ensure that their business is prepared to exploit the current opportunities.

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# Who are these world-class entrepreneurs?



Ernst & Young's Entrepreneur Of The Year program is the only truly global program that identifies and assesses the best entrepreneurial talent in the world each year.

Entrepreneurs in more than 50 countries are judged by a jury of senior entrepreneurs and business leaders.

The finalists and winners represent an elite group of business leaders who have built exceptional enterprises, both in their local markets and globally.

These businesses are typically dominant players in their industries and have achieved long-term success through their ability to adapt quickly to changing circumstances.

## World Entrepreneur Of The Year statistics (FY08)

48,000 global event attendees

5,000 nominations

770 judges

600 regional and country winners...but only one world winner

## Past winners of World Entrepreneur Of The Year

2008

Dr Jean-Paul Clozel, Founder, Actelion Pharmaceuticals Ltd

2007

Guy Laliberte, Founder and CEO, Cirque du Soleil

2006

Bill Lynch, CEO, Imperial Holdings

2005

Wayne Huizenga, Chairman, Huizenga Holdings Inc

2004

Tony Tan Cakitong, Chairman and President, Jollibee Foods Corporation

2003

Narayana Murthy, Founder and Chairman, Infosys Technologies Ltd

2002

Stefan Vilsmeier, President and CEO, BrainLAB AG

2001

Paolo della Porta, President, Chairman and CEO, Saes Getters S.p.A.

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Ernst & Young Entrepreneur Of The Year® is the world's most prestigious business award for entrepreneurs. The unique award makes a difference through the way it encourages entrepreneurial activity among those with potential, and recognizes the contribution of people who inspire others with their vision, leadership and achievement. As the first and only truly global award of its kind, Ernst & Young Entrepreneur Of The Year celebrates those who are building and leading successful, growing and dynamic businesses, recognizing them through regional, national and global awards programs in more than 135 cities in 50 countries.

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