

Strategic planning in the 'new' world

So what is different?

- Title – director (capacity to influence company affairs)
- Financial ratio's and solvency
- Conservative 'entrepreneurialism'
- Know the business
- Fiduciary responsibility

Title – director (capacity to influence company affairs)

- Clearly identified in constitution
- Don't confuse internally
- CEO is a director for the purpose of law

Financial ratio's and solvency

- Current ratio >1.5x
- Quick ratio > 0.75x
- Days creditors <45 days (depends)
- Cash gross margin – around 5%
- Cash return on assets - >10%
- No letter of comfort
- Cash management critical

Conservative 'entrepreneurialism'

- New opportunities
- Business centres to support mission
- New focus on 'sustainable enterprise', not just compliance
- Know your value chain and cost drivers

Know the business

- Every directors responsibility
- Engage external expertise to 'test'
- Be prepared to say 'no'
- Don't get bogged down in detail
- Ensure that you have checks and balance to measure the strategy

Fiduciary responsibility



- Act in the companies best interest
- Avoid 'Hardie'
- No factional representation
- Avoid 'Brimbank'
- www.asic.gov.au (info sheets 42 and 79)