Creating margin growth.
Preventing margin erosion.
Your passport for success
This fast changing environment has resulted in organisations being increasingly concerned about a number of emerging perils from today’s complex global business environment. The growing interdependency of many industries and processes means businesses are now exposed to an increasing number of disruptive scenarios. CEO’s and their leadership are faced with many such scenarios, while they strive to at least prevent margin erosion and strategise to grow margins. As business leaders, we often tend to complicate the solutions needed to address these issues or to focus singularly on increasing revenue.

‘This is a fantastic time to be in the business world, because business is going to change more in the next 10 years than it has in the last 50’.

– Bill Gates
Co-founder, Chairman and past CEO of Microsoft
In taking a step back, we thought about some of the fundamental disruptive scenarios that CEOs and their leadership need to reflect on and probe further in their organisations. We hope to uncomplicate perceived complicated issues in nine disruptive scenarios:

These disruptive scenarios are supported by a wealth of knowledge, in-depth research and subject matter expertise (SME). This is by no means an exhaustive list. Go to [http://www.deloitte.com/za/yourpassportforsuccess](http://www.deloitte.com/za/yourpassportforsuccess) for more information on each of these disruptive scenarios.

**Navin Sing**
Managing Director:
Risk Advisory Africa
## Top issue for CEO/ CFO

‘Get closer than ever to your customers. So close that you tell them what they need well before they realise it themselves’.

— Steve Jobs  
Co-founder, Chairman and past CEO of Apple

## 5 Essential Truths

- Customer and brand loyalty are in decline.
- Customers are more informed, more demanding, more fickle, and more tuned in to one another’s opinions.
- Companies in virtually every industry are feeling the heat from more discerning – and often less loyal – customers.
- Chalk it up to globalisation, social media, economic uncertainty, and product commoditisation.
- Companies need a more complete, intimate understanding of their customers and customer behaviour to get them, grow them, and keep them.

## 5 Immediate Check Points

1. Do you take the time to walk in your customers’ shoes? Do you know behavior and trends affecting your customer?
2. Are you asking the right questions? Do you know which are the right questions to ask?
3. Do you underestimate the strength of your current data; it doesn’t have to be complete to be valuable?
4. Are you planning for how you can turn the insights into actions?
5. Do you pick a tight, focused project that can generate valuable insights and recommendations that will likely be easier to execute?

Access the following thought leadership at [http://www.deloitte.com/za/yourpassportforsuccess](http://www.deloitte.com/za/yourpassportforsuccess)

- Customer Analytics – 3 minute guide
<table>
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| ‘Information is only growing in importance for companies. We thought it was pretty important fifty years ago, but now we’re seeing its importance in the way organisations are aligned – or realigning themselves’. | • Organisations are distracted by the hype, and are confused about where and how to apply Big Data analytics.  
• Successful analytics is more than just using data and technology to generate insight.  
• Insights communication is often marred by jargons and complicated tables. The results are often ‘lost in translation’.  
• Implementation is restricted in silos. It lacks implementation vision or enterprise wide integration.  
• Act now to gain a competitive advantage. Now is the time to generate greater insight – single view of business. | 1. Do you know what approach is being followed? Is it top down or bottom up?  
2. Are you leading with foresight by knowing what questions you need answered – the data must be integrated and analysed to provide those insights?  
3. How do you perform assessments of your Data Governance Steering Committees in terms of addressing business needs?  
4. How are you determining the maturity of this function and do you plan on ramping up before its too late?  
5. Do you focus on having a single view of your business that matters most to you (risk, customer, controls, people, deal making and technology)? |

Access the following thought leadership at http://www.deloitte.com/za/yourpassportforsuccess

- Corner Office Analytics
- Data Analytics Trends 2015
‘The value of internal audit to senior executives is like a hidden gem – not always realised for the asset that it is’.

– Carmen Abela
Board Chairman at Institute of Internal Auditors Canada

5 Essential Truths

- Too much control is just as bad as too little control.
- Changing businesses proactively realign processes and controls to unlock value/protect margins.
- Successful companies maintain the right balance between control and risk to stay agile and competitive.
- Companies are aligning processes and controls to operations and strategy.
- Good controls allows business leaders to be in control of their business.

5 Immediate Check Points

1. Do you focus on what must go right or what can go wrong? - What are the critical controls in your business and are they working effectively at any point in time?
2. Is your organisation is “getting the basics right” or is a “back to basics” approach required?
3. When was the last time your business processes were reviewed to promote efficiency and do you have optimal controls?
4. Do you identify indicators that suggest the need to review processes and controls – increased fraud and theft, high staff turnover, wastage, lower than expected profit, evolving business processes etc.?
5. Did you consider the design of process and controls in any new transaction or activity requiring significant spend?

Access the following thought leadership at [http://www.deloitte.com/za/yourpassportforsuccess](http://www.deloitte.com/za/yourpassportforsuccess)

- Controls Transformation
- The changing role of Internal Audit
**Top issue for CEO/ CFO**

‘Information technology and business are becoming inextricably interwoven. I don’t think anybody can talk meaningfully about one without talking about the other’.

– Bill Gates
Co–founder, Chairman and past CEO of Microsoft

### 5 Essential Truths

- Technology is a disrupter and enabler – it transforms and destroys business models and competitive advantage.
- Technology and data are probably dispersed and silo’ed across your organisation.
- Technology could be hampering your ability to grow across markets, channels and customers.
- The CIOs should be able to respond to the rapidly changing environment through the right skills, structures and technology.
- Technology should be seen as a value creator rather than a value inhibitor.

### 5 Immediate Check Points

1. Is your technology investment working harder for you – driving up profit, driving down cost?
2. Is your IT strategy aligned to the business strategy and governed by an IT/Data Governance Steering Committee?
3. Does the IT/Data Governance Steering Committee have a business point of view – also do you challenge the CIO to think about business value?
4. Does IT enable the management of risk and controls?
5. Are large IT transformational projects implemented in such a way that they provide return on investment throughout the project rather than just at the end?

Access the following thought leadership at [http://www.deloitte.com/za/yourpassportforsuccess](http://www.deloitte.com/za/yourpassportforsuccess)

- Technology Value Assurance The Real Deloitte Differentiator to IT Audit
- The Risk Intelligent CIO
### Top issue for CEO/ CFO

‘Risk comes from not knowing what you’re doing’.

– Warren Buffett
Chairman, CEO and largest shareholder at Berkshire Hathaway

### 5 Essential Truths

- Business development/winning business is a strategic focus of the business supported by the C-suite.
- Bad deals and control implementation will result in lower than expected profit – this is because of under pricing, unfavourable customer contracting, refunds, rebates, scope overrun, customer dissatisfaction, inability to recover and deteriorating customer relationships.
- The sales department is intrinsically aware of the activities of the operations department.
- A good winning business strategy and function has risk management embedded as a foundational pillar.
- Companies that put a premium on risk intelligent dealmaking are seeing better growth and increased profit margins.

### 5 Immediate Check Points

1. Are you creating a business development/winning business function? Have you assessed the effectiveness of the current business development/winning business function?
2. Do you embed risk appetite and risk tolerance, not just at the enterprise level but also at the operational level?
3. Have you challenged the relevance of the practices of the function in terms of the changing needs of customers?
4. Are you on top of relevant information from “opportunity to profit”, and can you paint a picture to determine the “current state”? 
5. Are you managing your contract risk compliance to protect margin erosion from commercial negotiation to contract implementation and monitoring?

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Refer to Shaila Jivan, the SME for a customised solution brief.

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Reputation

Top issue for CEO/ CFO

‘It takes 20 years to build a reputation and 5 minutes to ruin it and if you understand this you will do things differently’.

– Warren Buffett
Chairman, CEO and largest shareholder at Berkshire Hathaway

5 Essential Truths

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<td>–</td>
<td>Reputation problems have the biggest impact on revenue and brand value.</td>
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<td>Reputation risk is the number one strategic business risk.</td>
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<td>Customers are the most important stakeholders for managing reputation risk.</td>
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<td>–</td>
<td>Companies are investing to improve their capabilities for managing reputation risk.</td>
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<td>–</td>
<td>Reputation risk is driven by a wide range of other business risks that must all be actively managed.</td>
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5 Immediate Check Points

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<td>1.</td>
<td>Do you link strategy and innovation with risk management programs to identify potential disruption hotspots?</td>
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<td>2.</td>
<td>Are you analysing both internal and external data to gather and help interpret market intelligence?</td>
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<td>3.</td>
<td>Are your organisational leaders prepared to respond and recover in the event of a reputational event as part of your business continuity plans?</td>
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<td>4.</td>
<td>Do you live your brand through creating a risk intelligent organisation?</td>
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<td>5.</td>
<td>Do you understand stakeholders and their expectations – and realise that those expectations tend to evolve over time?</td>
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Access the following thought leadership at http://www.deloitte.com/za/yourpassportforsuccess

- Reputation Risk Survey Report
- Risk Management - Thriving in uncertain times by creating a Risk Intelligent Enterprise™
## Cyber and Crisis Management

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| ‘Cyber threats have become a ‘life and death’ issue’. – Tim Cook CEO of Apple | • Your information network will be compromised.  
• Physical security and cybersecurity are increasingly linked.  
• Cyber damages go beyond monetary value.  
• Everything can’t be protected equally.  
• Your (fire) walls are probably high enough. | 1. Are you using techniques such as scenario planning, business impact analysis, vulnerability assessments to assess your risk exposure? |
|                        |                   | 2. How did you define the cyber risk management priorities, risk appetite and mechanisms of accountability for your organisation? |
|                        |                   | 3. Do you carefully scrutinise outsourced relationships to make sure your providers have in place robust disaster preparation and recovery plans? |
|                        |                   | 4. Have you created a corporate–wide cyber mind–set incorporating awareness, training and education? |
|                        |                   | 5. Are you asking the right questions, of the right sources – typically the CIO, CRO and CISO? |

Access the following thought leadership at [http://www.deloitte.com/za/yourpassportforsuccess](http://www.deloitte.com/za/yourpassportforsuccess)

- Cyber crime – A clear and present danger combating the fastest growing cyber security threat
- Global Cyber Executive Briefing
- Cyber Intelligence
- Risk Intelligence in the age of global uncertainty – Prudent preparedness for myriad threats
- Changing the game on cyber risk
### Top issue for CEO/ CFO

‘Compliance can be a moving target with constant regulatory changes in economic, industry, and operating conditions’.

— Jane Taeger  
Director of Compliance at Samuel Shapiro & Company, Inc

### 5 Essential Truths

- Aggressive regulatory enforcement continues.
- Ongoing uncertainty about new regulations and legislation.
- Regulation is driving new ways of doing business.
- Strong compliance effort, rooted in understanding regulations, can create a competitive advantage, focusing on upside to compliance risk.
- Get ahead of regulation by embedding compliance activities into day-to-day business operations – regulatory compliance is not only of concern to the legal department.

### 5 Immediate Check Points

1. Do you continuously monitor your compliance to priority pieces of legislation?
2. Are you proactively influencing legislative developments that impact on your business?
3. Do you make it a habit to follow regulatory activities globally as these will become relevant in a local context?
4. Are you responding to legislative changes before enforcement becomes a practice (e.g. Protection of Personal Information Act)?
5. Are you integrating risk, compliance, and control activities with a focus on unlocking value?

Access the following thought leadership at [http://www.deloitte.com/za/yourpassportforsuccess](http://www.deloitte.com/za/yourpassportforsuccess)

- Regulatory Compliance: A Business Value Contribution
- Ensuring Regulatory Compliance – Integrating Risk Advisory and Assurance
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<td>‘Fraud occurs when opportunity meets motivation’.</td>
<td>• You operate in an environment of enhanced threats.</td>
<td>1. Do you use hindsight and insights (including benchmarking) to prevent and detect potential fraud and theft?</td>
</tr>
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<td>– Donna McKay Executive Director at Physicians for Human Rights</td>
<td>• Fraud and theft management is no longer about response, it is now about detection and prevention.</td>
<td>2. Are you staying in touch with your industry – be aware of the new forms of fraud and theft impacting similar organisations?</td>
</tr>
<tr>
<td></td>
<td>• Fraud risk management will help align corporate values and performance as well as protect organisational assets, including its reputation.</td>
<td>3. Are you geared to respond to new and sophisticated tactics?</td>
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<td></td>
<td>• Internal controls are one of the great fraud deterrents.</td>
<td>4. Do you use your data to determine, identify or tell a story about the fraud risk in your organisation?</td>
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<td>• Implementing a fraud prevention plan requires commitment and also requires the business to provide the right tools and support to its employees.</td>
<td>5. Are you gaining insight on better ways to design and evaluate controls to prevent, detect and respond appropriately to risk of fraud and theft?</td>
</tr>
</tbody>
</table>

Access the following thought leadership at http://www.deloitte.com/za/yourpassportforsuccess

- Fraud, bribery and corruption – Protecting reputation and value
- Preventing procurement fraud and corruption
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‘In the business world, the rear view mirror is always clearer than the windshield’

– Warren Buffett
Chairman, CEO and largest shareholder at Berkshire Hathaway
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