

Strategic Guideline for PERI in Russia



PERI was founded in 1969 by Artur Schwörer. The company name was derived from the Greek preposition »peri« (English: round, around). For more than 40 years PERI is a competent partner for construction business concerning formwork and scaffolding. The family owned company based in Weißenhorn is among the TOP 50 companies in Bavaria and is achieving extraordinary employee and turnover growth during the last years.

With a turnover of approx. 1.1 billion Euro in 2013, PERI is the largest manufacturer and supplier of formwork and scaffolding business internationally. Worldwide PERI and its 6.700 staff members, 56 subsidiaries and 110 warehouse locations serves its customers with innovative systems and extensive services concerning formwork and scaffolding.

With more than 50 subsidiaries PERI is one of the global leaders in scaffolding and formwork. One of the major growth regions is Russia. In order to develop a longterm robust strategy, a strategic guideline was derived with the use of external and strategy scenarios. This process was conducted multilingual in Russian and German.

The project »Russia 2017« started in 2012 with a strategic analysis (phase 1), where information concerning the Russian market and relevant competitors have been collected and evaluated. Moreover, the current situation of PERI and its strengths and weaknesses have been analyzed. Accordingly, a white paper built the starting point for the following 3 phases, where ScMI AG supported the client.

Development of external market scenarios (phase 2)

Within the second project phase, possible developments of the Russian construction industry – with focus on formwork and scaffolding – have been identified. Therefore PERI used the well-known method of Szenario-Management™.

Based on the preparatory work from the internal core team, a 3-day-long scenario

conference took place in Ulm in September 2012. Besides representatives of strategic marketing and inhouse-consulting from PERI several other internal experts and executives from PERI Russia attended the workshop. Moreover, PERI invited several customers and market experts in order to discuss collectively about possible future developments of the formwork and scaffolding business in Russia.

As a result of phase 2 eight possible developments for the future of the Russian construction market have been described. It became apparent how certain industry factors are linked to comprehensive developments of politics, society and economy.

The documented external market scenarios have been seen as an important interim result for the further process. At the same time the scenarios were





also given to the external participants. This open approach was chosen by PERI to continue the strategic dialogue with exclusive customers.

After the development and formulation of the scenarios, these external »pictures of the future« have been assessed. That way it became apparent which scenarios PERI is expecting in the near future – namely which scenarios should be considered in the strategy development process.

Development of alternative strategic options (phase 3)

In contrast to a traditional strategy process, PERI did not purely concentrate on the expected future. In fact, it was the goal to understand the own »window of possibilities« systematically: What are our adjusting levers regarding competition? What are our options? Where can we concentrate on? What should we do if the side conditions change?

In order to review the opportunities of PERI systematically, a second scenario conference was conducted in Noginsk near Moscow. This time only internal representatives took part – those who participated in the first conference and additional Russian experts, which were included to ensure a high involvement of the local organization in the strategy process.

During the first two days the strategic areas of action were set up. This consists of defining the central strategic questions, intensive discussions of possible options of action as well as the systematic consolidation to eight strategy alternatives – so-called »strategy scenarios«.

Development of a strategic guideline (phase 4)

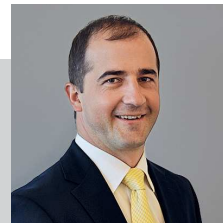
On the third day of the scenario conference in Russia all results from the previous three phases were integrated: the current position of PERI Russia with its strengths and weaknesses (phase 1), the different possible developments of the market environment and the assessment of the most expected ones (phase 2) as well as the different strategy alternatives of PERI (phase 3).

The first question was how successful the diverse strategy alternatives would be in the different external market scenarios. This resulted in a so called »future matrix« one could see which strategies are successful in the context of the (expected) external scenarios as well as robust strategies.

Based on these results three of the developed strategy alternatives are interpreted as suitable for PERI. In an intensive process the differences between these three options have been assessed, discussed and a strategic decision has been determined. That way a strategic guideline was developed

- which fits perfectly to the expected market developments in Russia;
- which defines the alternative approaches and is therefore more than a standard addition of single actions;
- which was developed conjointly by the executive team and is therefore supported by the participants and
- which simultaneously shows critical indicators and alternative developments, if the side conditions change.

Afterwards the strategic guideline was detailed into a strategic roadmap by an internal project team.



»I value this project very highly in the strategic crossroads we were and had to make some serious choices. Scenario-Management showed us the right way, helped us to make the choices we had to make.

Now, over 2 years later I can reconfirm that the decisions taken are correct, the conditions around us are very close or exactly as we expected and we are continuing our business development based exactly on what we decided back when we did the workshops.

So – great approach, great toolset for any company to make its choices of what path to follow, what way to go into the future.«

Harijs Cika
Managing Director
PERI Russia