



The MARGA experience: A multinational collaboration opportunity in DT EUROPE

Each participants of the Leadership Development Program (Deutsche Telekom program aimed at developing skills of middle-level managers) faced a difficult task: Choose those elements of the program which will best facilitate your individual development plan. Some participants were inspired by the offer of MARGA business simulation. That's how the great adventure of Monika, Kostas and Krzysztof started... All of us were inspired by this learning opportunity in different ways: but most important was the thrill to steer all functions of the company, take part in market competition and try to overperform other teams.

Everything started with reading the manual with a detailed description of the business environment – this reading made us feel a bit overwhelmed with complexity – lots of different factors: Which are critical and need to be focused on? This is also how in real business life the leaders need to pave their way to success: Decipher the complexity, find the winning strategy, and consequently bring it to life. Our discussions on how to create the winning strategy started already during the kick-off meeting in Budapest and then went on ... It was during long evening conference calls, frequent e-mail exchanges, detailed analyses of decisions of our competitors, and weekend “eureka” simulations of different scenarios that we finally built our recipe for success.

This final success had a lot to do with the way we organized our work: individual preparation and pre-work and efficient board meetings to approve the key decisions. Despite different backgrounds in many aspects (national and professional background in the first place) we soon found our good spirit which translated to good performance and in consequence leading market position. Each period brought us closer as a team and even more engaged, with last periods taking place in Ismaning: The thrill of competition intensified immensely, adding fun to the whole experience. This turned to great satisfaction once the final results were announced. We made it! Thanks to MARGA and to all participants we experienced good learning and fun!!!

10 Differentiation Principles for possible MARGA success

Seven months after the MARGA kick-off in Budapest and seven days just after the finals in Ismaning, it is probably the right time to share with you a small report about the Key Success Factors that lead to the final win. Although there are no generic prescriptions for company success, 10 principles which cover the full span of the business administration activities have been gleaned by our team.



MARKETING

Many companies (3 out of 4) in the LDP 2014 Finals had adopted the 'quality leader' strategy and only one the 'cost leader' strategy. Most of the companies spent a lot of money on R&D, advertisement, and Sales Force. Nevertheless, only one company had the most successful marketing strategy up to the end of the contest. The main differentiation principles that led to this success are the following:

1. 'Out of shelf' is 'out of the question'.
Be present in every market with products and sell when the competition runs out of products.
2. Always sell the products with reasonable margin, otherwise do not sell.
3. Seize every opportunity and enter aggressively to any new market.
4. New products require a high budget for launch, but lower than the saturation point.

PRODUCTION

All companies more or less used merchandising and a supply management system while some of them purchased very early new machines and recruited a lot of workers to cover the upcoming increasing demand. But what are the principles behind the successful production that made the difference?

5. Keep your human resources always happy with no lay-offs, satisfactory fringe benefits, and low overtime.
6. Always keep your production structure multi-dimensional and flexible.
Thus, be ready at any time to concurrently merchandise products, recruit temporary or permanent personnel, retrain unskilled workers to skilled or retrain skilled workers to improve team performance, based on the demand fluctuations.
7. Respect the company assets.
Scrap only when the machines' maintenance rate is higher than the respective write-off negative book value.

FINANCE

All companies asked for bank rating, long term loans and definitely protected their account receivables from bad debts. But what are the principles behind the successful finance that made the difference?

8. Find the cheapest money on the market.
Keep the shareholders equity as low as possible by distributing dividends even if it is necessary to ask for an additional long-term loan or to change the foreign/own payment policy.
9. Take special care on liquidity.
Stay away from the balancing credit zone by maintaining a long-term cash flow strategy.



BUSINESS ADMINISTRATION FUNDAMENTALS

Last but not least, it is important to listen to the markets' messages and to steer a company with flexibility. Nevertheless, the following principle is essential for any company's success and sustainability:

10. Be consistent.

Always prepare a long-term strategy and stay committed to it.

Beyond the success and the differentiation principles, it is imperative to say that MARGA is an exciting opportunity for collaboration in practice, team building, and networking. Being the board you will take up the challenge of making interdependent decisions about sales, marketing, production, human resources, finance, and controlling in a competitive environment full of uncertainties. Either you make your shareholders happy or not, you will broaden your business administration knowledge while having joy and fun.

Take part, learn, enjoy!

Winning TEAM, LDP 2014



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