



Strategic Tale 9.1 (On Diversification for External Reasons)

Any port in a storm

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Mark was a lucky man; for years, he had been the commercial director of the company 'Promoline', a multinational dedicated to the marketing of promotional products manufactured in Asia and distributed all over the world. The company was a leader in Spain in corporate gifts and merchandising, retailing products as varied as pens, backpacks, USBs, mugs, and more. Mark had everyone's dream job: a good salary, a luxury car, a big house, and an adoring family. In 2019, everything was going smoothly at work. The company was steadily expanding its business, more and more contracts were being secured with large companies, which earned him a healthy commission for each new account, and in addition, they were thinking of hiring more people and entering new businesses. He was the envy of his friends; what more could he ask for?

Everything changed when, at the beginning of 2020, its Asian suppliers began to cease trading because of the covid outbreak. His colleagues sought to reassure him:

"Don't worry so much, it's probably a matter of a few weeks. Everything will soon be back to normal," Richard commented.

I don't think it will affect Europe either, and even less so Spain, here we can't even contemplate a downturn, or we'll go to the wall," said Mary, the company's CEO, laughing.

"Do you really think so?" I'm not so optimistic," Mark lamented.

Mark was right, something that had begun so far away and that seemed unlikely to affect Europe suddenly reared its ugly head. Countries closed their borders and confined their citizens, the economy came to a standstill, and with it, practically all businesses. Companies began cutting costs amid economic paralysis, meaning that spending on merchandising fell to a minimum.





"This is the end. As soon as we can, the entire workforce will be put on furlough," said Joan, the CFO, at one of the first of the many meetings they would hold by Zoom.

"There has to be some alternative; it can't be all black or white," Mark said.

"Our business is on hold, right now we can't do anything," Richard moaned, putting his head in his hands.

"What do you want us to do, Mark?" Produce a vaccine against the virus? It is out of our hands. We will have to sit it out. This is a pandemic," Mary grumbled.

Mark spent several sleepless nights, fretting over the responsibility of doing something, of fixing what was not in his power. Some idea had to pop into his head that could help everyone. It could take years, at best months, for a viable vaccine to be developed. His company would not survive that long with turnover at a minimum.

One day, while shopping at his local supermarket, Mark overheard a conversation between two women, who, without knowing it, would change the course of his business:

"Excuse me, madam, where did you get the mask?" A girl asked as she waited to be served at the checkout.

"I beg your pardon?" The woman turned, puzzled.

"Yes, the mask you are wearing, how did you get it? Where did you buy it?"

"Buy it?" No, I made it at home. I was afraid to go out without protecting myself, considering the state things are in. Haven't you seen the news from Asia? Everyone is wearing one!

"Of course, I understand. I wish we had masks here too; I would buy one for my own safety. But in all the shops I've been to, they were either sold out or too expensive," the girl complained.

Mark listened to the conversation with the same dejection he had had for several days without paying much attention. When he returned home, an idea began to run through his head. There was an increasingly vital item that people were demanding, and that was impossible to obtain due to its scarcity. But how could he get the masks? There were none available in Europe... Then the words of the woman in the supermarket came to mind: "Don't you watch the news from Asia? Everyone is wearing one!"

"Of course! Asia is the key! Mark exclaimed euphorically.





"What's wrong with you, Dad?" What is happening in Asia? His eight-year-old son asked him, puzzled.

"In Asia, my son, we have great ties with suppliers.

"What is a supplier, Dad?" His six-year-old daughter asked.

"Suppliers are those who provide us with the materials or goods we need to process and sell our products. And Dad has just had a great idea."

Mark arranged a meeting with his entire team to explain the opportunity that had just come to him in such a fortuitous way. The following days were absolute bedlam, as the plan was to open a new line of business, different from promotional products, namely, medical devices. They managed to secure agreements with Asian suppliers with the necessary capacity. They moved heaven and earth to obtain the appropriate licences and get down to work. Mark's idea was a success. The existing contacts with suppliers in Asia made it easier for the company to sign new agreements to distribute the most sought-after product at the time: the surgical mask. The company even grew more than before the pandemic, and they had to hire more and more staff. Mark received congratulations from the entire company:

"Mark, once again, you have shown that you are a great asset to us. In the most difficult moments, you have managed to come up with an idea to save the company. We will be eternally grateful to you," Mary commented, excited.

"For me, it is an honour to be able to help, and to be fair, it is my job. The opportunity was there; it was just a matter of luck. We have managed to take advantage of the situation together; it has not only been my doing," said Mark, proud of his entire team.

"It's much more than luck, Mark, you've seen what no one else saw," Mary said warmly.

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