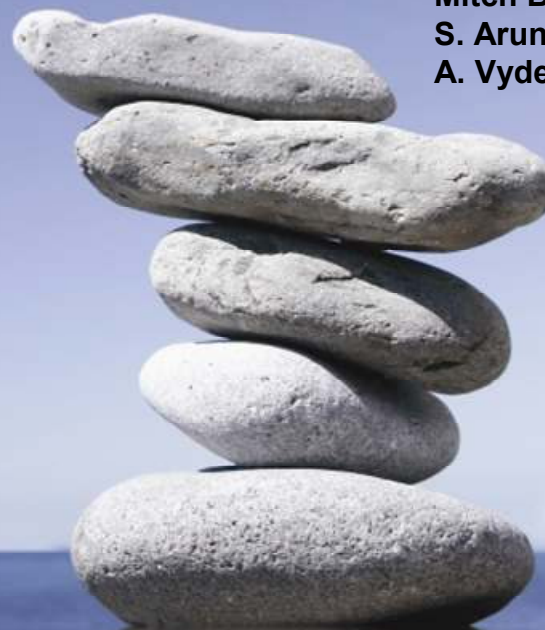


Global Solution. Dynamic Growth.

**Jean Denis Eustasie
Hema Issur
Martine B. Chung How
Mitch Barrett
S. Arunachalam
A. Vydelingum**



**Strategic Management in a Global
Context**

The Turnstone Group - March 2009

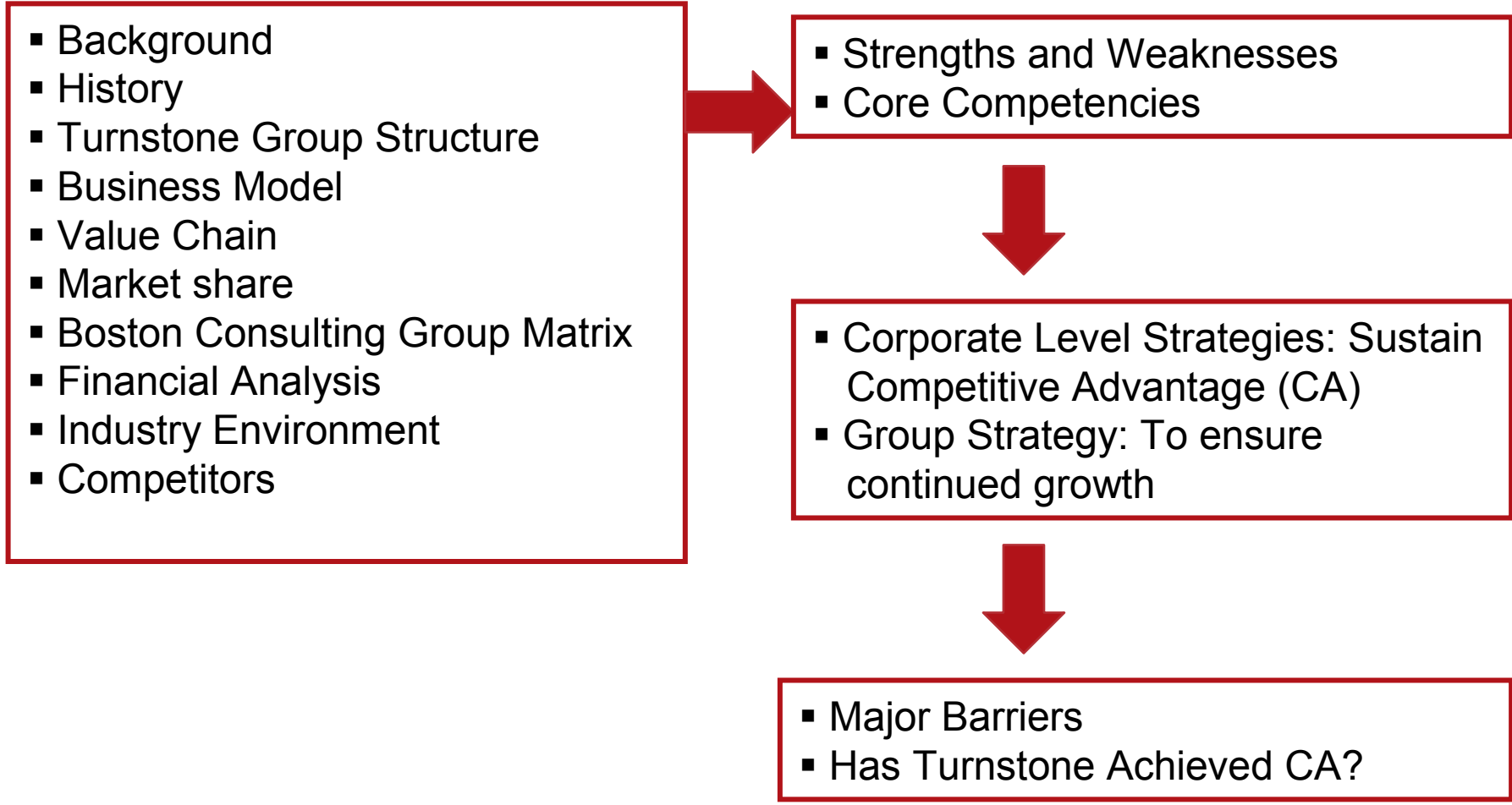
T U R N S T  N E

Assignment Question:

Sources of Competitive Advantage in a Global Context

- Examine the firm's current business model and portfolio of activities.
- What are its strengths and weakness?
- How could they build and sustain the firm's competitive advantage?
- Identify and describe the key strategies your firm is pursuing. These may include strategies aimed for instance at survival, sustaining current performance, changing market position, developing core competencies, improving medium term and long term efficiency, corporate renewal.
- Give your views whether or not the firm has been able to implement these key strategies and any major barriers to implementation that have still to be overcome.

Outline of the Case



Background

- **International Group provides a range of financial services:**
 - Legal Advisory Services
 - Company and Trust Administration Services
 - Fund Administration and Accounting Services
- **Private, limited company**
- **Clientele primarily High Net Worth persons & Institutions in SA, UK & Europe**
- **Presence in 4 countries (UK, Isle of Man, SA, and Mu)**
- **Private clients based in UK, SA and Europe**
- **Institutional Fund clients based in UK, Europe and the Caribbean**
- **Financial Services License held in IOM, SA, UK and Mu**
- **Staff of 100 persons. (50 in IOM; 40 in Mauritius; and 5 each in UK and SA)**
- **Turnover Growth rate of approximately 33% per annum**
- **Group Turnover reached USD4m in 2008**

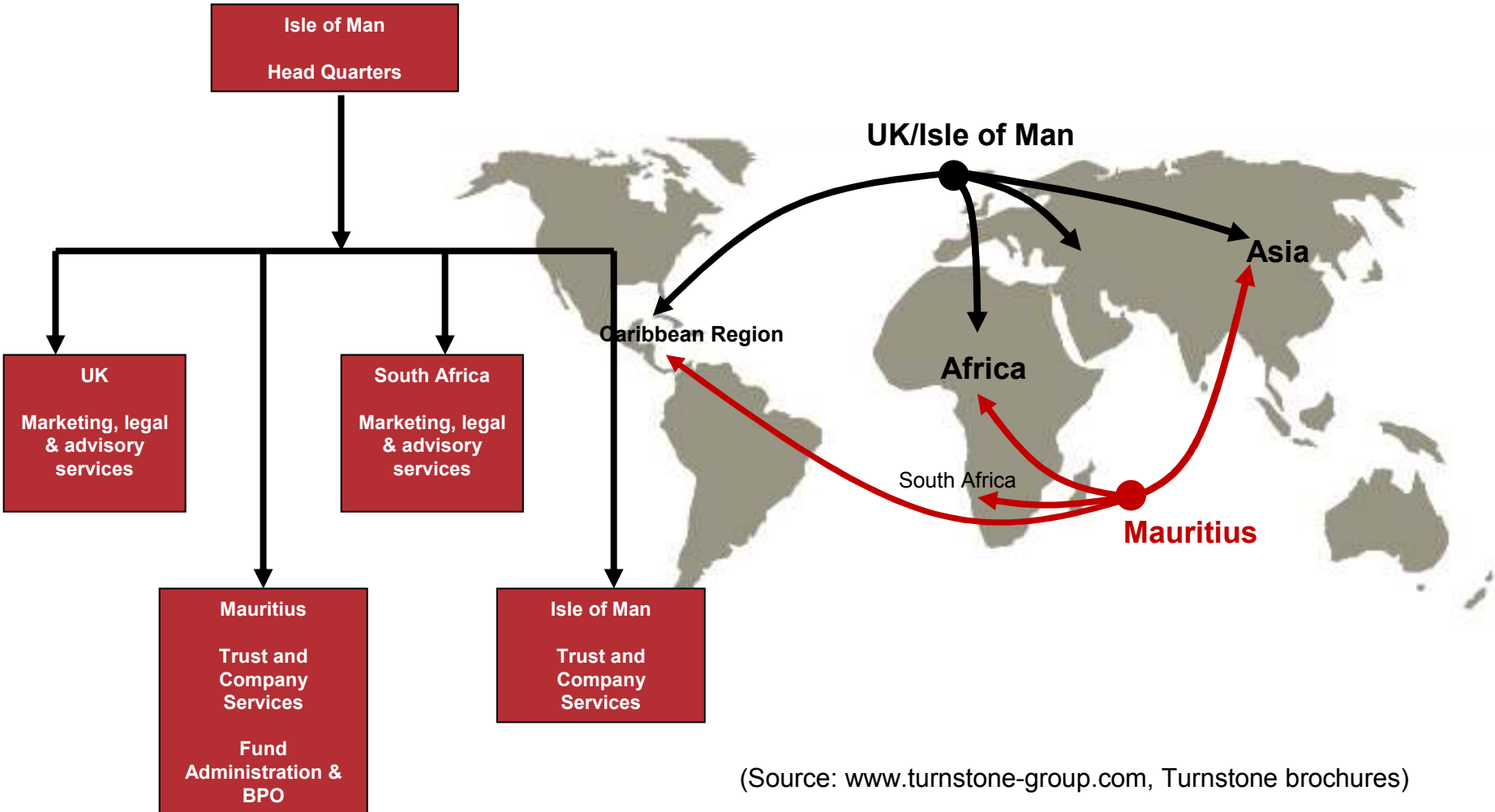
(Source: Interview with Turnstone directors; Turnstone brochures)

History

- **1999 - Mauritius (Mu) Company started**
- **2003 - Isle of Man (IOM) Company started**
- **2005 - IOM chosen as place of head office**
- **2007 - SA Co opened**
- **2007 - Alliance signed with Moore Stephens**
- **2008 - UK Company formed 2008 - Outside partners brought in**
- **2008 - Turnstone Mauritius segregated into different businesses**
- **2008 - Fund Administration business opened in Mauritius**
- **2009 - Alliance with Eversheds**
- **2009 - Fund Administration renamed: LC Abelheim Ltd**
- **2009 - Turnstone Group merger with Asset Management Group**

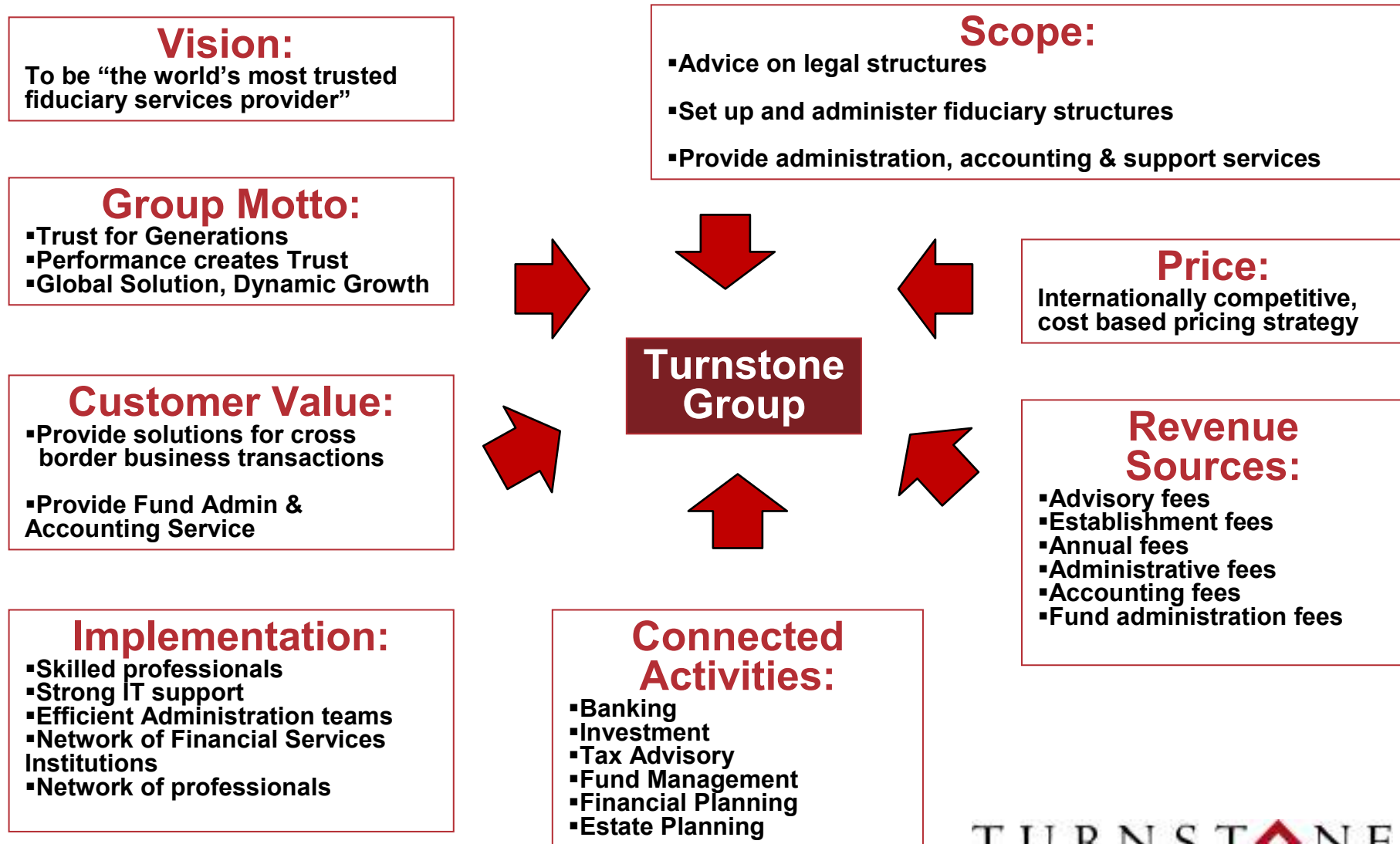
(Source: www.turnstone-group.com, Turnstone brochures)

Turnstone Group Structure



(Source: www.turnstone-group.com, Turnstone brochures)

Turnstone Business Model



The Value Chain

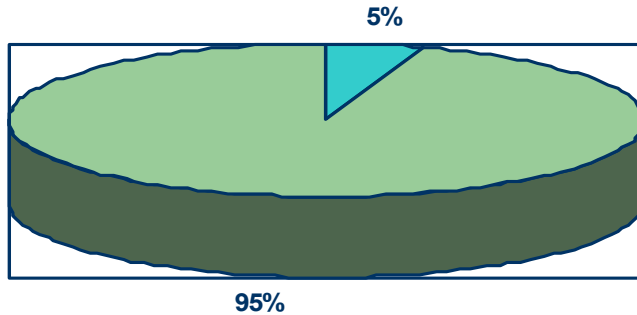
Financial Institutions / Private clients



(Global Strategic Management, Kamel et al, 2005)

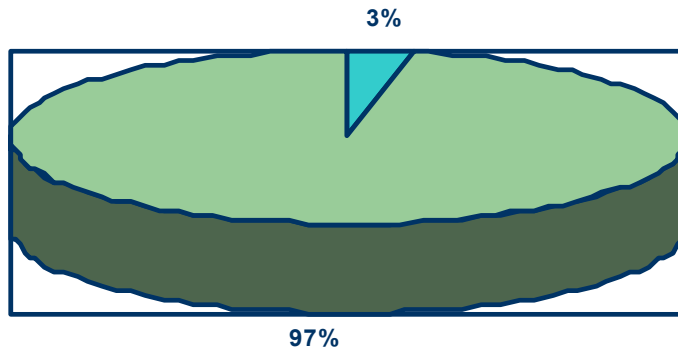
TURNSTONE

Market Share



- TST share of each region's market
- Each region's market

Diagram 1

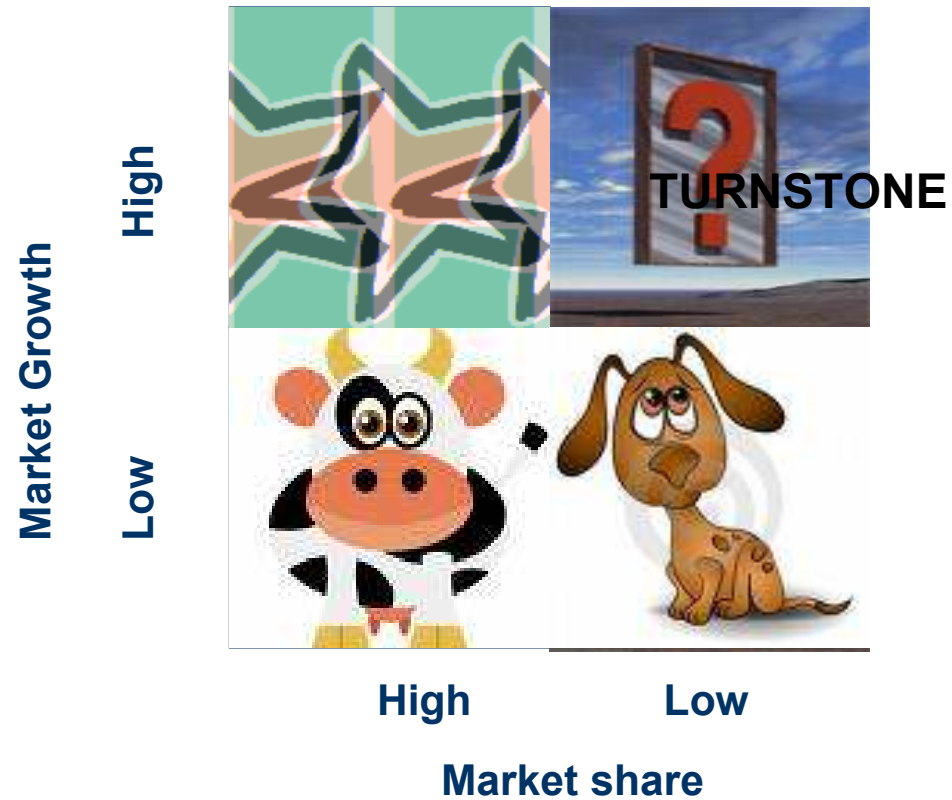


- Each region's share of global market
- Global market

Diagram 2

(Note: These amounts are indicative and estimated as certain and clear information is impossible to obtain owing to the confidential nature of the business)

Boston Consulting Group Matrix



Financial Analysis - Region

Turnover to Group

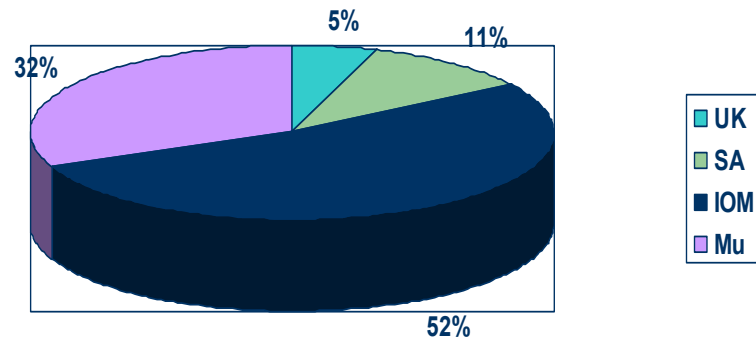


Diagram 3

Profitability Comparison

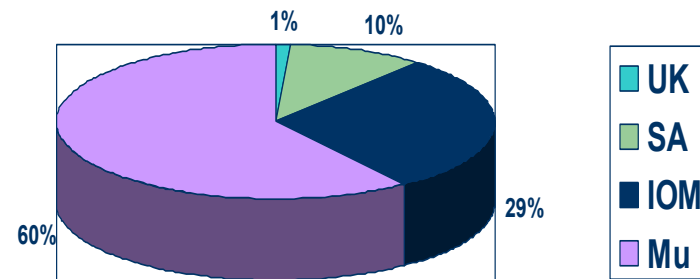
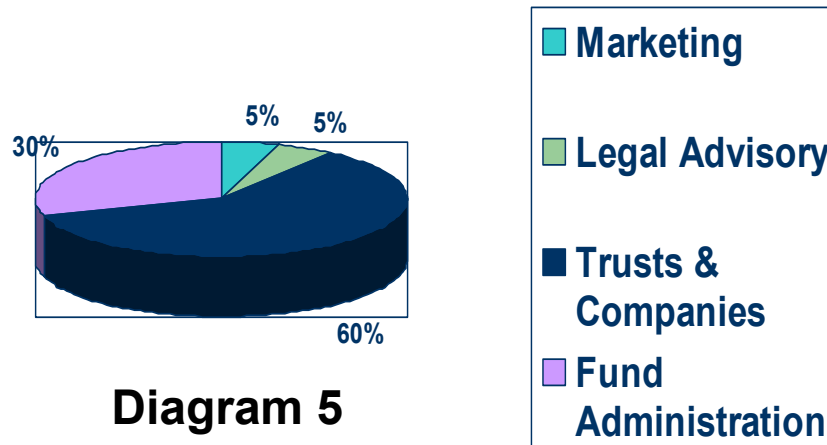


Diagram 4

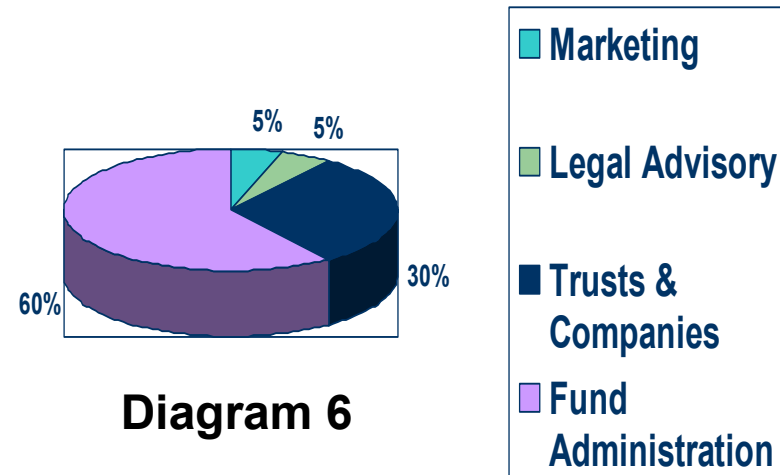
(Source: Interview with Turnstone directors, Annual report 2008)

Financial Analysis - Services

Turnover to Group

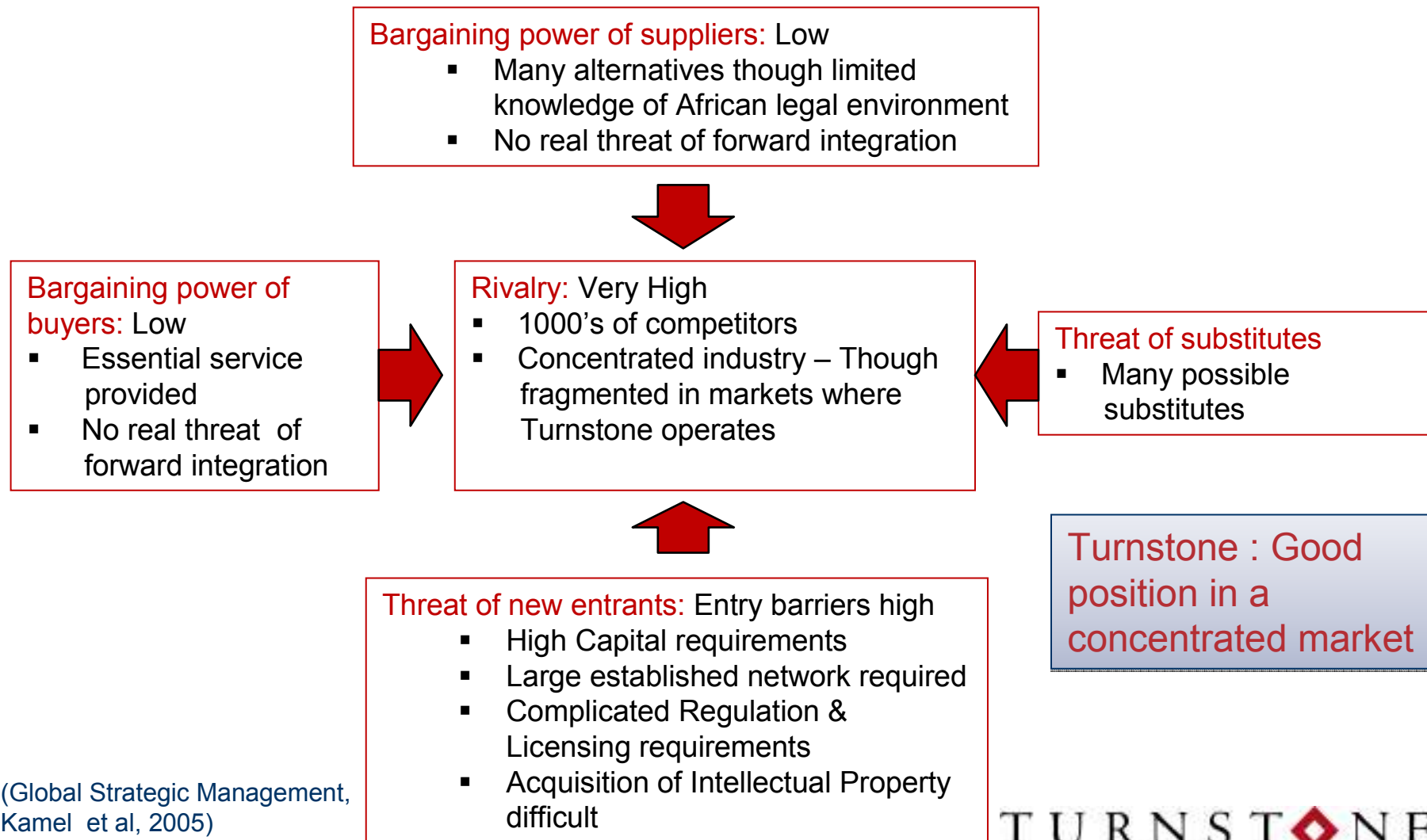


Profitability Comparison



(Source: Interview with directors, Annual report 2008)

Industry Environment - Porter's Five forces



(Global Strategic Management, Kamel et al, 2005)

Competitors

- **33% of worlds money in international financial services centers**
- **>40 different locations**
- **Include multinational banks and investment houses, legal firms**
- **Competitors rarely move up the value chain**
- **IOM competitors focus on UK and Europe**
- **Mu competitors focus on Far East**
- **IOM and Mu competitors: limited legal knowledge**
- **Most SA and UK competitors have little practical experience**

(Source: Interview with directors, Annual report 2008)

SWOT Analysis: Strengths & Weaknesses

STRENGTHS

- Dynamic visionary leadership
- Flexibility
- Strong network of referors
- Strong UK and SA companies
- Strong legal culture
- Excellent intellectual property
- Very loyal and committed staff
- Talented and professional staff
- Excellent reputation
- Strong Corporate Governance policies

WEAKNESSES

- Limited capital
- Limited reach in primary markets
- Not an international brand name
- Weak IT infrastructure
- Group moving away from core business into new areas

SWOT Analysis: Opportunities & Threats

OPPORTUNITIES

- Global requirement to reduce costs (BPO)
- Many large institutional companies being restructured
- Large amounts of capital awaiting new opportunities
- Huge investment into Africa from Far East
- SA market looking harder to expand north into Africa

THREATS

- Obama and OECD crackdown on perceived “tax havens”
- Global crises effecting world markets
- Fear of cross border investment
- Increased regulation & Compliance
- More Information Exchange Agreements

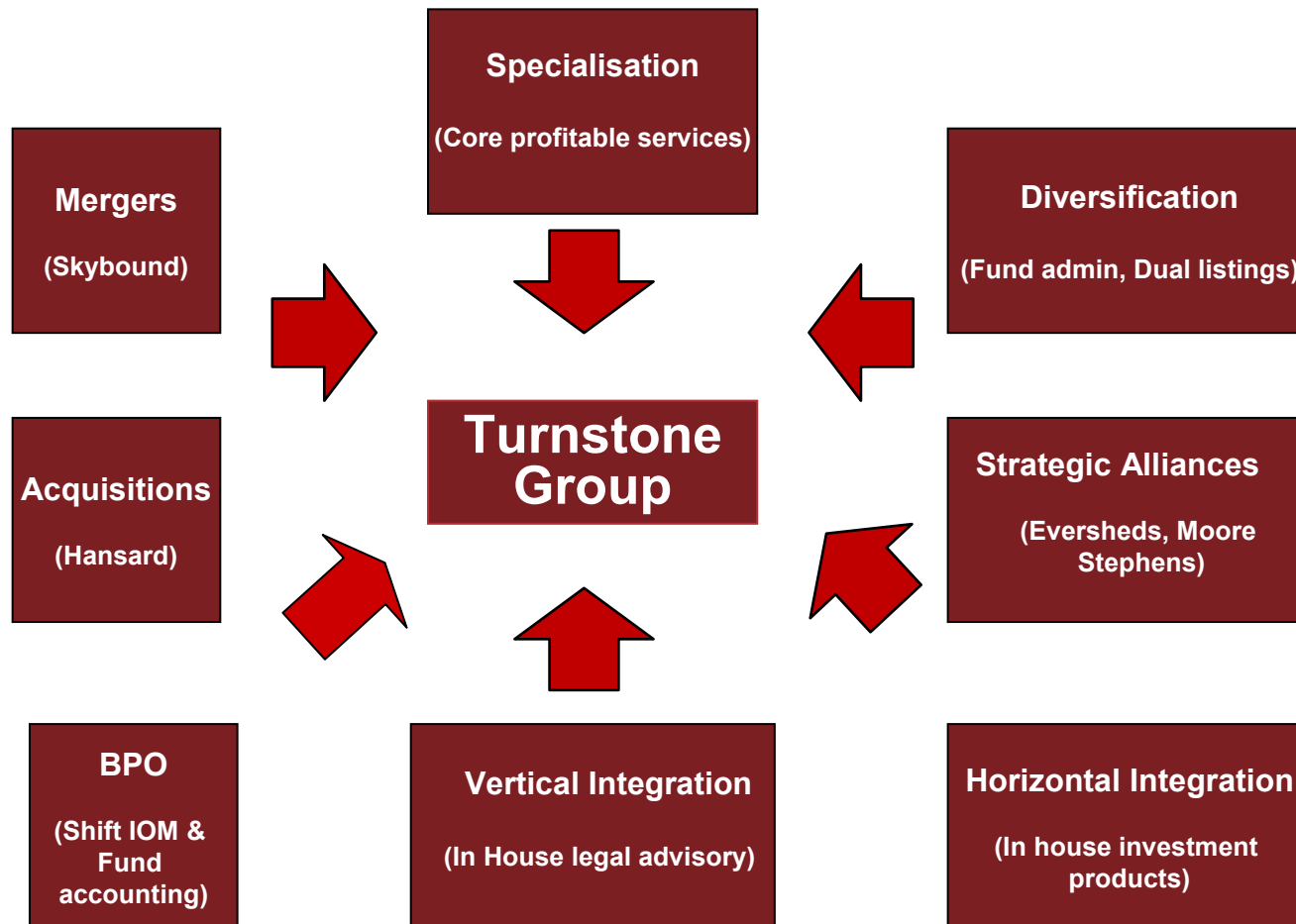
Core Competencies

- Able to understand and relate to clients
- High level legal advisory services
- Creating customised solutions
- Excellent network of financial services and legal firms
- Specialist Fund Structuring knowledge into Africa
- World wide established subsidiaries in key geographical positions
- Strong Corporate Governance culture

Corporate Level Strategies to Sustain Competitive Advantage

- Ensure all structures fully tax compliant
- Ensure that company remains “customer orientated”
- Stand closer to customers in uncertain economic times
- Ensure low staff turnover
- Ensure intensive staff training and professional development
- Aggressively retain the company culture
- Co-ordination of activities
- Subsidiaries to focus on specific services and markets
- Exploit synergies within group

Group Strategies to Ensure Continued Growth



Major Barriers

- Acquisitions
 - Limited opportunities
- Horizontal Integration
 - Limited expertise in investment products
- Merger
 - Cultural issues with Skybound Capital
- Vertical Integration
 - Limited capital to invest
- BPO
 - Limited capital to purchase expensive fund admin software
- Strategic Alliances
 - Personal differences and different objectives
- Specialisation
 - Sourcing suitable staff in specialist industry
- Diversification
 - Lack of in house skills in new areas

Has Turnstone Achieved CA?

